

**SONTERRA MUNICIPAL UTILITY DISTRICT
MINUTES OF BOARD OF DIRECTOR'S MEETING**

August 20, 2018

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

A meeting of the Board of Directors of Sonterra Municipal Utility District was held on August 20 2018, at 113 Limestone Terrace, Jarrell, Texas. The meeting was open to the public and notice was given as required by the Texas Open Meetings Act. A copy of the Certificate of Posting of the notice is attached as **Exhibit "A"**.

All of the members of the Board were present, as follows:

John Faske	President
Dale Thornton	Vice President
Tom Slowbe	Secretary
Menashe "Manny" Akiva	Assistant Secretary
Darrell Goldman	Assistant Secretary

Also present at the meeting were Andy Bilger of Vecindario Management, LLC; Dennis Hendrix of Crossroads Utility Services ("Crossroads"); Edward Castro of Top Quality Lawn Care; Taylor Kolmodin of Municipal Accounts and Consulting ("MAC"); Jason Jones of Jones Heroy & Associates; Kate Cook of the Jarrell Chamber of Commerce (the "Chamber"); Julia Dade, past president of the Jarrell Community Library Board; Mercy Bryant, a resident of the District; and Sue Brooks Littlefield of Armbrust & Brown, PLLC.

Director Faske called the meeting to order at 6:00 p.m. After the Pledges of Allegiance to the United States and Texas flags, Director Faske stated that the Board would receive Board member remarks and citizens communications. Director Faske recognized Ms. Cook, who invited the Board members to the Chamber's annual awards banquet, noting that it had a Luau theme. She stated that there were remaining sponsorship opportunities in the amount of \$500 and that general admission was \$65. Director Slowbe asked when the Board would need to make a decision and Ms. Cook responded that the decision would be needed by the end of the month or the beginning of the next month. Director Faske then recognized Ms. Dade, who stated that she was present to encourage the Board to approve the proposed lease to the Community Library Northern Williamson County (the "Library"), noting that it would be a dynamic relationship with transparency to provide library services to residents in the Jarrell area. She stated that the Community Library Board was delighted to lease space and encouraged the Board to approve the lease as it was. Director Faske asked if this library space was just a place for books or a place for computers as well. Ms. Cook responded that libraries today were more digital and that they had transitioned quite a bit, but that there would still be books, noting that this was particularly helpful for early learners. Ms. Cook stated that eventually they hoped to move to a State-wide system to allow better communication between libraries.

Director Faske stated that the Board would next consider approving the minutes of the July 10, 2018 and July 16, 2018 Board meetings. Upon motion by Director Goldman and second by Director Slowbe, the Board voted unanimously to approve the minutes.

Director Faske stated that the Board would discuss the District's 2018-2019 budget and 2018 tax rate. Ms. Kolmodin called the Board's attention to the District's certified assessed value, attached as **Exhibit "B"**. Director Faske noted that the Board had previously conducted a budget worksession. Ms. Kolmodin distributed the draft budget and explained that Mr. Kimball recommended an overall tax rate of \$0.9475 per \$100 assessed valuation, allocated \$0.1196 to operations and maintenance and \$0.8279 to debt service. Ms. Kolmodin then reviewed the draft budget she had prepared based on the Board's input at its budget worksession, noting that the budget would be supported by the proposed \$0.1196 operations and maintenance tax rate. Ms. Kolmodin pointed out that she had increased revenues based on a 12-month estimate of income for the current year. The Board discussed the District's assessed valuation and budget, as well as the calculation of the roll-back tax rate. Ms. Littlefield explained that the actual rollback calculation was based on the operations and maintenance tax rate component. After further discussion, upon motion by Director Faske and second by Director Slowbe, the Board voted to adopt a proposed tax rate of \$0.9475 per \$100 assessed valuation, to schedule a public hearing on the tax rate for September 17, 2018 at 6:00 p.m., and to authorize Ms. Littlefield to publish notice of the public hearing on the tax rate, with Directors Faske, Thornton, Slowbe, Akiva and Goldman all present and voting "yes".

Director Faske then stated that the Board would discuss District security. Director Slowbe stated that there had not been a lot of citations issued in the past month and stated that this needed to be communicated as a concern. Director Akiva noted that he hadn't seen any patrols. After discussion, Director Slowbe recommended authorizing renewal of the Interlocal Agreement for Security Patrols with the City of Jarrell, subject to a discussion with the Police Chief on the hours of patrols and increased enforcement, as there was still a problem with the trucks. Director Akiva stated that there had previously been a lot of police activity, but nothing this month. Director Faske stated that the Board would prefer to see citations and not warnings, as the patrols were not effective otherwise. Upon motion by Director Faske and second by Director Goldman, the Board voted unanimously to authorize renewal of the Agreement, subject to Director Slowbe's discussion with the Police Chief. A copy of the Agreement as approved is attached as **Exhibit "C"**.

Director Faske stated that the Board would next receive the manager's report and recognized Mr. Bilger. Mr. Bilger stated that Director Slowbe was working on getting some park planning done for less cost, noting that UT Arlington had accepted the District as a design project for graduate students, subject to receipt of the necessary paperwork. Mr. Bilger stated that this would provide \$25,000 to \$50,000 of free planning services to the District. He stated that it might add a little bit of time to the process, noting that Director Slowbe had just received the approval earlier in the day. Director Slowbe recognized Ms. Bryant and noted that she had brought this opportunity to the subcommittee's attention. Mr. Bilger then reported that there had been water quality issues affecting the Trinity well and noted that the specialty engineers had been called out. He stated that they had tested the water and that everything was within limits, but the water was silty, so they were reducing the use of the Trinity well and relying more on the Edwards well. He added that this process was more complicated due to the computer system. Mr. Bilger stated that there had been complaints regarding odor and the clarity of the water and that most of these issues related to the Trinity well. He stated that he hoped that blending the two water supplies would address the situation, but the process was not complete. He also stated that he felt water quality would be much improved once the District received the surface water, noting that it had a different taste and smell profile than ground water. Mr. Bilger then reported that development was still ongoing and the projected total lot delivery was about 700 lots for 2018. He also pointed out that the new Papa John's restaurant was opening. Director Faske stated that Schlotsky's was opening September 6th. Director Slowbe stated that an ice cream parlor was opening in Cougar Plaza. Mr. Bilger asked that the Board look at the business terms of the proposed lease to the Library. He stated that he had talked with a

consultant regarding the Americans with Disabilities Act (“ADA”) requirements and thought that at least one of the restrooms could be modified to be compliant, but that it would take at least six weeks for the consultant to do the evaluation. He stated that another issue to be addressed were locks on the doors. Director Slowbe explained that the option to install smart locks would make it very easy to change out the locks relatively inexpensively. Mr. Bilger stated that he was looking forward to having more activity around the building. Mr. Bilger suggested putting in a digital lock for the meeting space, as there were about ten groups that used the space on a monthly basis.

Director Slowbe then reviewed the scope of work proposed to be provided by UT Arlington and explained that the park plan would provide the basis for future grants, and that the analysis would include ADA compliance. He asked that Mr. Bilger provide a cost estimate for the sidewalk from the front of the District through the District to the pool, along Sonterra Boulevard and Limestone. Mr. Bilger stated that the homeowner’s association (“HOA”) also had money set aside for the sidewalk. He stated that he would provide a price for the sidewalk on a linear foot basis. Director Slowbe stated that the youth group wanted three baseball diamonds, which would allow tournaments to be held in the community, noting that he was looking at the detention area by the apartments. Mr. Bilger stated that the pond had been sized to support three fields for the use of kids through the age of about 14, and that some restrooms could be added by the pool. Director Slowbe pointed out that UT Arlington would provide expertise to ensure everything was ADA compliant. Director Faske asked that he be given an opportunity to review the plans during the process. Director Slowbe agreed to do so. Mr. Jones stated that he would like to be involved as well, to ensure nothing done impaired the functionality of the detention ponds. Mr. Bilger stated that he felt the elevations of the detention area would lend themselves to this dual function with a small amount of trickle channels. He added that this would not be just a one-year plan and that the priority was the sidewalks. Director Akiva stated that his personal concern was County Road 313, because so many people walked on County Road 313 and he felt it was very dangerous. Director Slowbe agreed that the sidewalks were a priority, and added that this need was one of the things that had spurred his involvement in this concept.

Director Faske then stated that the Board would discuss the proposed lease with the Library. Director Slowbe presented the proposed lease attached as Exhibit “D”, noting that the Board had authorized him to negotiate the lease with the Library, with a three year term. He explained that the first two years would be rent-free, except the Library would pay for a pro rata share of the cost of electricity and cleaning, which would start on day one. Director Slowbe stated that they would also work together to identify where doors would be installed to separate the Library’s use from the District’s use, noting that there would be a common area of approximately 2,500 square feet. He stated that the Library would share access to the bathrooms and kitchen and that the remainder of the building would be secured for the District’s use and vice-versa. Ms. Littlefield clarified that she had not reviewed and did not take a position on the business terms of the lease, but had reviewed only limited legal aspects, including adding the required disclosures. She noted that the Library would be required to complete a Form 1295. Upon motion by Director Goldman and second by Director Thornton the Board voted unanimously to approve the Lease, subject to receiving the required Form 1295.

Director Faske then recognized Mr. Hendrix for purposes of receiving the District operator’s report. Mr. Hendrix presented Crossroads’ report, attached as Exhibit “E”, and stated that the District had 1,685 occupied single-family connections, a total of 1,976 accounts, and an estimated population of 5,055 as of the end of July. Mr. Hendrix reported that 221 taps had been sold for the year to date. He stated that there were no major issues with any of the wells and that the water loss was at 1.37% the prior month. He stated Well No. 1 was off and Wells No. 2 and 3 were not being utilized as much, but that he anticipated more usage as some

of the technical issues with Well No. 5 were resolved. Mr. Hendrix pointed out that four accounts had been written-off and sent to collection. He reported that the portable generator had a leak and needed some repairs at an estimated cost of approximately \$953.75. He stated that he highly recommended that this repair be made. He stated that the work would be done by Fleet Maintenance. Director Faske moved approval of the repair at a cost of \$953.75. Upon second by Director Thornton, the motion was unanimously adopted. Director Faske stated that Well No. 5 provided less good quality water even though they were using much less water out of that well. Mr. Hendrix stated that the reported usage was not completely accurate because the meter was defective. He stated that the meter had been repaired, noting that the water that came through the meter had apparently damaged it, so the original usage was being estimated. Mr. Hendrix stated that he was working with the SCADA people to manually turn down the well. He stated that the problem would be resolved later in the week, which would allow increased usage of Well No. 4. Director Faske expressed concern about potential damage to the pumps. Mr. Hendrix stated that the meter was composed of all brass parts, and that was a soft metal. Mr. Bilger stated that damage appeared to be due to abrasion, caused by sand most likely. Mr. Hendrix stated that the meter manufacturer was doing an analysis. Mr. Bilger confirmed that he was waiting to get a chemical analysis to address the quality of the water variable, noting that it was sometimes clear and sometimes murky. Mr. Hendrix stated that Crossroads was doing a full spectrum analysis. Mr. Jones stated that, when the District started using the well, two 36-hour pump tests were done, noting that there had been a problem due to the failure of the flow meter. Mr. Hendrix stated that, when residents called with complaints, he recommended that the residents be advised to flush their hot water heaters. Director Goldman asked Mr. Hendrix to follow up with Lennar Homes about this. Mr. Hendrix stated that the water rationing stages were communicated by email blast as well as the District's website. He noted that he had also changed out the signs, but Crossroads had failed to post the new signs when the District went from Stage 1 to Stage 2. He added that he had followed up on this with the operations department about the problem. After discussion, Ms. Littlefield agreed to put the purchase and installation of a marquee sign on the next meeting agenda. Director Goldman asked that purchase of a portable water tank also be put on the next agenda. The Board directed Mr. Bilger to obtain a price for a marquee sign and bring a recommendation back to the Board.

Director Faske then stated that the Board would receive the bookkeeper's report. Ms. Kolmodin called the Board's attention to the check register attached as **Exhibit "F"**; the supplemental check register attached as **Exhibit "G"**; the capital projects check register attached as **Exhibit "H"**; and the supplemental capital projects check register attached as **Exhibit "I"**. Director Faske asked about a Hydro Resources invoice. Mr. Jones responded that he had not reviewed the invoice and asked that it be pulled until he could discuss it with contractor. Ms. Kolmodin agreed to void Check No. 10656 to Hydro Resources. Director Akiva asked about a check to the Chamber, noting that he was not clear on the benefit to the District. Ms. Kolmodin stated that a payment to the Chamber had also been processed in January, so she was following up with the Chamber to confirm receipt. Director Slowbe stated that he felt participating in the Chamber was an indication that the District was supportive of growth. Upon motion by Director Goldman and second by Director Faske, the Board voted unanimously to approve the bookkeeper's report and the payments as presented, with the exception of Check No. 10656, which was to be voided.

Director Faske stated that the Board would return to water, wastewater and rate matters. Mr. Bilger reported that he and Mr. Jones had met with the Jarrell Mayor and City Manager. He stated that the City was under construction on the wastewater plant expansion and had not received any notices from the State following the recent Texas Commission on Environmental Quality ("**TCEQ**") inspections. He stated that the City had received a proposal for a package plant, but it would take 120 days to get the package plant onsite and would cost about \$1,000,000, and explained that the contractor had committed to putting one of the basins on

line by late December or early January. Mr. Bilger stated that he was in constant contact with the City and that he was relying on the reputation and credibility of the contractor and the City. Director Faske stated that the City had also indicated that inflow and infiltration were part of the problem. Mr. Bilger confirmed that, based on City data, there had been about 100,000 gallons of inflow and infiltration, which had overloaded the plant and added that the City had signed a \$200,000 contract with Fuquay to line the section of pipe that seemed to be the source of the inflow and infiltration. He stated that, since all of the dry weather, the City was about 100,000 gallons under its permitted capacity. Mr. Bilger stated that this issue would delay the issuance of District bonds, but that he felt the City was taking action to address the problems. Mr. Jones agreed that he felt the City was being responsive to the issues that he and Mr. Bilger had identified.

Director Faske stated that the Board would next receive the engineer's report and recognized Mr. Jones. Mr. Jones presented his report, attached as **Exhibit "J"**, and called the Board's attention to the summary of action items attached as **Exhibit "K"**. He asked for the Board's approval to subcontract with WSP USA, to help his firm with an analysis of the Trinity well water quality concerns which were brought to his attention July 2018. Mr. Jones stated that he didn't yet have the cost, but this would be in addition to the 6% base fee under the existing contract. He stated that he did not think it would be more than \$2,000, but could be as much as \$5,000 or \$6,000. Director Thornton moved approval of the proposed subcontract at a cost not to exceed \$6,000. Upon second by Director Goldman, the motion was unanimously adopted.

Mr. Jones then reported that the Bond Application No. 8 had been approved by the Board in June, but had not been submitted to the TCEQ because of the City of Jarrell issues. Mr. Jones stated that he planned to submit the application later in the month and expected it to take 180 days for review. Mr. Jones reported that Hydro Resources had not yet submitted a final pay estimate for the Trinity well. He noted that there was currently nothing new to report on any of the commercial development, but that Star Market's plans had been approved the prior week. Director Goldman asked about the size of the building and Director Slowbe responded that it was pretty large and he thought about 2,700 square feet was going to be rentable.

Mr. Jones then presented Change Order No. 4 in the amount of \$10,103.50, attached as **Exhibit "L"**, for Water Plant No. 1 – Phase III 8-Inch Waterline and Site Improvements. He stated that he had not received any additional Pay Estimates, but had requested this change order for the removal and reinstallation of about 80 feet of 4-inch pipe and 18 feet of 8-inch pipe, lowering some valves, and relocating the access road at the elevated storage tank site. After discussion, upon motion by Director Thornton and second by Director Goldman, the Board voted unanimously to approve the Change Order.

Mr. Jones then presented Pay Estimate No. 3 from JKB Construction in the amount of \$355,475.05, attached as **Exhibit "M"**, for Sonterra West Section 12 construction and recommended approval. After discussion, upon motion by Director Goldman and second by Director Thornton, the Board voted unanimously to approve the Pay Estimate.

Mr. Jones then presented Pay Estimate No. 5 from Joe Bland Construction in the amount of \$1,133,512.65, attached as **Exhibit "N"**, for Sonterra West Sections 8-O, 10-3, 11-2 and 12C Construction and recommended approval. After discussion, upon motion by Director Thornton and second by Director Goldman, the Board voted unanimously to approve the Pay Estimate.

Mr. Jones then presented Pay Estimate No. 3 in the amount of \$199,851.60, attached as **Exhibit "O"**, for Sonterra West Section 12C Condos and Sonterra West Section 8 Detention Pond Improvements and recommended approval. After discussion, upon motion by Director Goldman and second by Director Faske, the Board voted unanimously to approve the Pay Estimate.

Mr. Jones then presented Pay Estimate No. 1 from Joe Bland Construction in the amount of \$310,869, attached as **Exhibit "P"**, for Sonterra West Section 8N and recommended approval. Mr. Bilger explained that a road had been relocated and that had caused some County issues, but he hoped to have this project wrapped up in the next couple of days. After discussion, upon motion by Director Thornton and second by Director Goldman, the Board voted unanimously to approve the Pay Estimate.

Mr. Jones then presented the bid tabulation for Sonterra West Section 11, Phase 3 and Sonterra West Section 12B, noting that the design engineers recommended award of the contract to JKB Construction Company, LLC, for its low bid of \$2,403,229.05. He noted that this bid included an add-alternate for lift station number 1, as detailed in the recommendation attached as **Exhibit "Q"**. After discussion, upon motion by Director Thornton and second by Director Goldman, the Board voted unanimously to approve the award of the contract to the low bidder.

Mr. Jones then distributed the update on the Lone Star Regional Water Authority ("LSRWA") East Williamson County Regional Water Transmission Line project attached as **Exhibit "R"**. Director Faske stated that the LSRWA was putting pipe in the ground along Highway 95. Mr. Jones then discussed the status of the various contracts and called the Board's attention to the completion dates for each segment indicated on the update. Mr. Jones explained that there were four or five contractors working concurrently and there were three contracts which had not yet been awarded. He pointed out that the LSRWA had requested that an official resolution authorizing a financing contract for the supplemental financing be placed on the Board's September meeting agenda. He stated that the Brazos River Authority was currently working on drilling its Trinity well.

Director Faske then recognized Ms. Littlefield, who confirmed she had completed her directives with the exception of obtaining a proposal from Mr. Joyce for services relating to the Board's consideration of adopting an impact fee.

There being no further business to come before the Board, the meeting was adjourned.



Darrell Goldman
Assistant Secretary, Board of Directors

Date: September 17, 2018