

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

September 17, 2018

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

A meeting of the Board of Directors of Sonterra Municipal Utility District was held on September 17, 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"**.

The following members of the Board were present, constituting a quorum:

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

Director Tom Slowbe was absent. Also present at the meeting were Andy Bilger of Vecindario Management, LLC; Dennis Hendrix of Crossroads Utility Services ("*Crossroads*"); Ashlee Martin of McCall Gibson Swedlund & Barfoot, PLLC; Bart Fowler of McCall Parkhurst & Horton, PLLC; Edward Castro of Top Quality Lawn Care; Taylor Kolmodin of Municipal Accounts and Consulting ("*MAC*"); Ken Heroy of Jones Heroy & Associates; Garry Kimball of Specialized Public Finance, Inc.; Tyler Davidson of WSP USA; Lori Riley, a resident of the District; Marissa Russo of the Jarrell Community Library; 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 asked if there were any Board member remarks or citizens communications. He recognized Ms. Riley, who stated that she had spoken with a Director Slowbe about being a member of the Park Subcommittee, but had never heard back from him. She added she wanted to know more about the sidewalks and would like to have trash containers placed by the mailboxes. Director Faske stated that he would refer her questions to Director Slowbe. Ms. Riley expressed concern that there had been grandparents walking down CR 313, where there were no sidewalks, to get to Grandparents Day. Director Faske then recognized Ms. Russo, who stated that she was president of the Jarrell Community Library and was grateful for all that the Board had done for the Library. She noted that there was a meeting scheduled for Thursday and that there was a lot to discuss, including a date for a grand opening. Ms. Russo added that the Library was working on getting books and doing background checks on the volunteers, noting that she just wanted to provide a quick update to the Board.

Director Faske then stated that the Board would discuss the District's 2018-2019 budget and 2018 tax rate. Ms. Littlefield noted that the District's financial advisor had recommended that the Board adopt a total tax rate of \$0.9475 per \$100 assessed valuation, allocated \$0.8279 to debt service and \$0.1196 to operations and maintenance. Director Faske pointed out that this was a decrease from the current rate. Mr. Kimball confirmed that the \$0.8279 debt service rate would accommodate the District's debt service needs, and there would be a small surplus on the operations and maintenance side. At 6:05 p.m., Director Faske opened the public hearing on the District's 2018 tax rate. Director Faske inquired if there was anyone present who wished to

address the Board on the matter of the District's tax rate. There being no one, Director Faske closed the public hearing.

Ms. Kolmodin then reviewed the proposed fiscal year 2018-2019 budget with the Board, noting that it was the same as the budget presented at the prior Board meeting. She pointed out that the budget would be supported by the proposed operations and maintenance tax rate. Ms. Kolmodin recommended approval of the budget. Upon motion by Director Goldman and second by Director Akiva, the Board voted 4-0 to approve the Resolution Adopting Budget attached as **Exhibit "B"**, incorporating the budget as presented.

Director Faske then moved that the Board adopt a tax rate of \$0.9475 per \$100 assessed valuation, allocated \$0.1196 to operations and maintenance and \$0.8279 to debt service, as recommended, and approve the Order Levying Taxes attached as **Exhibit "C"**. Upon second by Director Goldman, the motion was adopted, with Directors Faske, Thornton, Akiva and Goldman present and voting "yes" and Director Slowbe absent and not voting.

Director Faske stated that the Board would next consider approving the Amended and Restated Information Form attached as **Exhibit "D"**. Upon motion by Director Faske and second by Director Goldman the Board voted unanimously to approve to the Information Form.

Director Faske stated that the Board would next consider approving the minutes of the August 20, 2018 Board meeting. Upon motion by Director Thornton and second by Director Goldman, the Board voted 4-0 to approve the minutes.

Director Faske then stated that the Board would discuss audit matters. Mr. Bilger reminded the Board that the Board had agreed to go out for bids for the audit. He recommended engaging McCall Gibson Swedlund Barfoot PLLC for audit services for the fiscal year ending September 30, 2018. Ms. Littlefield reminded the Board that it was required to base its selection of an auditor on the quality of services rather than fees, which she explained was a requirement of State law applicable to certain professional services. After discussion, upon motion by Director Thornton and second by Director Goldman, the Board voted 4-0 to engage McCall Gibson Swedlund & Barfoot, PLLC and approve the proposal attached as **Exhibit "E"**.

Director Faske stated that the Board would next receive the manager's report and recognized Mr. Bilger. Mr. Bilger stated that he was working on American with Disabilities Act ("ADA") issues related to the office and recommended proceeding with the modifications to the restrooms in order to obtain ADA compliance, noting that he was working with a plumber who was familiar with this type of work. He asked if the Board still wanted to pursue the purchase of the portable water tank. He noted that this could be useful for watering trees during periods of watering restrictions, but that the best time to purchase a portable water tank would be during the winter. Director Thornton stated that using a portable water tank to irrigate was very expensive due to the labor. Mr. Bilger agreed that it was, but added that it was less expensive than losing trees. Director Faske suggested that Mr. Bilger bring a price back to the Board for consideration by December and Mr. Bilger agreed to do so. Mr. Bilger then reported that he was pricing the purchase and installation of two marquee signs. He stated that he had received a proposal for the sidewalks for \$6.00 per foot with a lot of ancillary charges. He stated that 14 ADA ramps would be about \$30,000. Director Faske stated that the District could do this less expensively if it served as its own general contractor, but it was important to get the slopes correct. Mr. Bilger stated that, under the bid he had obtained, to install sidewalks from the pool to the McDonalds would cost about \$212,000, for a complete job with crossings and ramps, and that the ramps were about \$2,000 each. Director Thornton stated that this was a good price for the ramps. Mr. Bilger stated that he would defer the park and trail report until Director Slowbe

returned. He stated that he was still working on a preliminary plan for the detention playing field area.

Director Faske then recognized Mr. Hendrix for purposes of receiving the District operator's report. Mr. Hendrix presented Crossroads' report, attached as **Exhibit "F"**, and stated that the District had 1,722 occupied single-family connections, a total of 2,002 accounts, and an estimated population of 5,166 as of the end of August. Mr. Hendrix reported that 247 taps had been sold for the year to date. He stated that there were no major issues with any of the wells and that there had been a water gain of 38.33% the prior month, which he attributed to the problem with the meter on Well No. 5 and overestimating usage. He stated that a new meter should be in by the end of the week. Mr. Hendrix noted that there was not much to report on the reverse osmosis station, although it was still being used and he still received calls from residents about it. Mr. Hendrix stated that the District was still in Stage 2 water use restrictions. He introduced Mr. Davidson and explained that Mr. Davidson had been instrumental in addressing water parameters, noting that he had been on site earlier in the day looking at the Trinity Well and running flow tests on it. Director Faske asked for an update. Mr. Davidson stated that he had run the well all day and that the water was clear all day, although slightly discolored right at the beginning. He stated that he felt this was because the well had been idle and that water would be clearer the more the well was used. Mr. Hendrix stated that they had a slug of something that had come through, but that the crews hadn't been able to catch it coming out of the well, and that it had been a blended sample. Mr. Davidson stated that two water quality samples had been taken and the quality had been consistent over the entire eight hours. Mr. Bilger noted that this was good news. Mr. Hendrix stated that Crossroads had been receiving fewer calls about discoloration or odor. He stated that his best recommendation was to flush the hot water heaters, noting that it made a big difference in odor problems. He added that the builders had done this and confirmed it addressed the issue. Mr. Bilger reported that the City of Jarrell was working on about a mile of wastewater collector line to address inflow and infiltration issues. Mr. Hendrix reported that his crews had performed an annual test on the generators and had to pull the portable generator back to the shop and drain the fuel tank. He stated that he expected to have more information on the issues with the generator at the next Board meeting.

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 "G"**; the supplemental check register attached as **Exhibit "H"**; the capital projects check register attached as **Exhibit "I"**; and the supplemental capital projects check register attached as **Exhibit "J"**. Ms. Kolmodin stated that she would void Check No. 10664 to Director Slowbe due to his absence from the Board meeting. Ms. Kolmodin also pointed out that the debt service payments had been made in August as scheduled. Upon motion by Director Goldman and second by Director Faske, the Board voted 4-0 to approve the bookkeeper's report and the payments as presented, with the void noted.

Mr. Heroy then distributed the update on the Lone Star Regional Water Authority ("**LSRWA**") East Williamson County Regional Water Transmission Line project attached as **Exhibit "K"**. Mr. Fowler presented the Resolution Authorizing and Directing the Execution of the First Supplement to the Water Facilities Acquisition, Construction and Financing Contract Between Lone Star Regional Water Authority and Sonterra Municipal Utility District, Pledging and Appropriating Waterworks and Sewer System Revenues in Connection Therewith, and Providing for the Effect of Said Resolution and Contract attached as **Exhibit "L"** and the First Supplement to the Water Facilities Acquisition, Construction and Financing Contract attached as **Exhibit "M"** and explained that LSRWA would be taking action on these items on Thursday, September 20th, and that the City of Jarrell and Jarrell Schwertner Water Supply Corporation had already taken action to approve this additional \$1.5 Million in financing. Mr. Bilger

reminded the Board that this supplemental financing included two projects that had been left out of the original package, and that this included a project to provide a line down CR 332 and one through the frontage and across the highway. He stated that the work was being engineered by the same engineer who had designed the City of Jarrell's line. Mr. Fowler stated that the interest rate was 4%, which was a good rate and that the LSRWA was able to obtain the benefit of the State's credit and a credit in addition to that. Upon motion by Director Faske and second by Director Thornton, the Board voted 4-0 to approve the Resolution and the First Supplement, as presented.

Director Faske stated that the Board would next receive the engineer's report and recognized Mr. Heroy. Mr. Heroy stated that there would be a ribbon cutting ceremony for the LSRWA project on Wednesday at 11:00 a.m. and invited all of the Board members to attend. He also reported that Mr. Joyce had been asking for input on the LSRWA rates for the District's rate study. He noted that he had previously encouraged LSRWA to do its own rate study, and felt that it was at the point that the District needed to be able to provide Mr. Joyce with better answers to his questions and so he would be pressing the LSRWA Board on this at its next meeting. Mr. Heroy then presented his report, attached as **Exhibit "N"**, and called the Board's attention to the summary of action items attached as **Exhibit "O"**. He stated that Mr. Jones was still working on the "white paper" report regarding fluoride issues.

Mr. Heroy reported that he had received the Texas Commission on Environmental Quality ("**TCEQ**") approval of the escrow release from Bond Application No. 7 and had also received the administrative completeness letter on the District's Bond Application No. 8, and anticipated the bond sale to occur the next Spring.

Mr. Heroy then presented Pay Estimate No. 4 from JKB Construction in the amount of \$435,756.29, attached as **Exhibit "P"**, for Sonterra West Section 12 construction; Pay Estimate No. 6 from Joe Bland Construction in the amount of \$91,825.20, attached as **Exhibit "Q"**, for Sonterra West Sections 8-O, 10-3, 11-2 and 12C Construction; Change Order No. 1 in the amount of \$3,149 for labor when the existing 12" valve blew off and the connection point for Section 11, Phase 3 and 12B foster restraint adapter, bolts and gaskets and concrete valve box, attached as **Exhibit "R"**; Change Order No. 2 in the amount of \$4,130 for added restraints to the existing valve on Flower Smith Lane, attached as **Exhibit "S"**; Change Order No. 3 in the amount of \$4,481.91 for a credit for the removal of a 36' concrete headwall and revegetation of the public utility easement, attached as **Exhibit "T"**; and Pay Estimates No. 4 and 5 in the amounts of \$18,154.35 and \$2,517.38, respectively, attached as **Exhibits "U"** and **"V"**, for Sonterra West Section 12C Condos and Sonterra West Section 8 Detention Pond Improvements and recommended approval of the Pay Estimates and Change Orders. In response to question from Director Thornton, Mr. Heroy stated that there were no thrust blocks on the old lines in Section 12 so those had to be added. After discussion, upon motion by Director Faske and second by Director Thornton, the Board voted 4-0 to approve the Pay Estimates and Change Orders.

Mr. Heroy then recommended approval of an Agreement Regarding Pump-and Haul Program for Sonterra West Section 10, Phase 3 and Section 11, Phase 2. Ms. Littlefield explained that the developer, SonWest Co, had requested taps before the lift station that would serve these lots was completed, which would require pump and haul wastewater service. She added that the purpose of an agreement would be to ensure that the developer paid all costs of the pump and haul program, noting that these would not be reimbursable. Mr. Heroy confirmed that the delay in completion was related to the extension of electrical service to the lift station and that Mr. Jones did not expect the pump and haul to be required for more than six months. Mr. Hendrix reviewed the proposal attached as **Exhibit "W"** with the Board. After discussion, upon motion by Director Thornton and second by Director Faske, the Board voted 4-

o to approve negotiation and execution of the proposed Agreement, subject to final approval by Ms. Littlefield, Mr. Jones and Director Thornton.

The Board agreed to postpone discussion on the release of escrowed bond funds until the next Board meeting.

Director Faske then recognized Ms. Littlefield, who confirmed that she had completed her directives, with the exception of obtaining a proposal from Mr. Joyce for services relating to the adoption of an impact fee, which was in process. She noted that she felt an overhaul of the District's rate order was becoming essential, although she had originally intended to defer this until after Mr. Joyce completed his rate study. Mr. Bilger stated that he wanted to add to Ms. Littlefield's comments about redrafting the rate order, as the current draft was very confusing and needed to be rewritten. He agreed to work with Ms. Littlefield to update the rate order and bring it to a future Board meeting for consideration.

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



Date: October 15, 2018



Tom Slowbe
Secretary, Board of Directors