

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

December 10, 2018

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

A meeting of the Board of Directors of Sonterra Municipal Utility District was held on December 10, 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, James Will and Darrell Winslett 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; Cammie Reynolds and Chris Tschirhart, residents 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 asked if there were any Board member remarks or citizens communications. There being none, Director Faske stated that the Board would consider approving the minutes of the October 15, 2018 and November 2, 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 next receive the manager's report and recognized Mr. Bilger. Mr. Bilger reported that there had been a water line break in one of the new areas. He stated that Joe Bland Construction had fixed the break, but noted that it had caused a drop in water pressure and so a "boil water" notice had to be issued. Mr. Bilger commended the response of those involved in making the repair. Mr. Bilger then reminded the Board that it had asked him to price a potable water tank and explained that costs varied based on the size of tank, which ranged from 100 gallons to 2,500 gallons. He added that pricing ranged from \$2,500 to \$7,000. He stated that the tank would come on a trailer and he felt the best price would be available in the winter months. Director Goldman noted that a potable tank would be helpful for watering in times of water shortage. Director Faske stated that he thought the District would want a trailer capable of carrying at least 1,000 to 1,500 gallons of water. Mr. Bilger then stated that he was continuing to price kiosks and had found a bid for a comparable kiosk that had been submitted to Cougar Plaza. He stated that the price was about \$3,900, and that this was for a robust digital system. He stated that, for two signs, the cost would be about \$15,000 if they were installed in rock enclosures, although they could be installed on poles for less. Director Faske suggested that the Board consider purchasing a used water trailer. Mr. Bilger agreed to call around and look for a used unit. The Board then discussed the locations of the marquee signs, which Mr. Bilger recommended be on Sonterra Boulevard and on C.R. 313.

Mr. Bilger stated that he preferred the rock enclosures and the Board agreed. The Board then discussed the cost to extend internet to the sign locations as well as programming options. The Board agreed that the signs needed to be able to be programmed remotely. Mr. Bilger agreed to bring a more complete proposal for the signs and related costs to the next meeting.

Mr. Bilger then announced that this would be Director Thornton's last meeting and noted that he had been a huge asset to the District. The Board thanked Director Thornton for his service. Mr. Bilger then noted that it was always a challenge to get volunteers to serve and introduced Cammie Reynolds, and explained that she and her husband had been among the first 200 residents of the District. He stated that Ms. Reynolds was very smart and capable and he felt she would be a great addition to the Board, in addition providing another resident voice. He recommended that she be appointed to the Board at the January meeting.

Director Akiva then stated that the roads were being affected by construction traffic and asked about controlling dirt on the roads. Mr. Jones stated that he felt the contractors in the subdivisions were generally doing a good job, but there were also Lone Star Regional Water Authority ("LSRWA") contractors working in the area. Mr. Bilger agreed that in the last week there had been a problem when a contractor had brought base in despite the wet conditions. He stated that the builders did clean up the spilled dirt.

Director Faske then stated that the Board would discuss District security and recognized Director Slowbe. Director Slowbe reported that the City of Jarrell (the "City") was still struggling to get enough people to make the patrols. He added that he had recently met with Sheriff Chody of Williamson County (the "County"). He proposed that the Board terminate the District's agreement with the City and contract with the County for patrol services. He stated that the County was a little more expensive and was strictly traffic and added that the City had tried, but had struggled with the personnel. Director Slowbe then presented the Standard Agreement with Interlocal Governmental Entity Regarding Off-Duty Contracting of County Sheriff Deputies attached as **Exhibit "B"** and the Memorandum of Understanding attached as **Exhibit "C"** and requested approval. Director Faske recommended holding the checks to the City until the required security reports were received. Mr. Bilger stated that the City was a little rocked after the recent loss of its City Manager. Upon motion by Director Slowbe and second by Director Goldman, the Board voted unanimously to terminate the current interlocal agreement for security patrols with the City. Director Slowbe then moved that the Board approve the agreements with the County effective as of January 1, 2019. Upon second by Director Faske, the motion was unanimously adopted. The Board agreed that it would also like the deputies to drive the entire community. Director Slowbe stated that the hours that were the biggest problems were times that the deputies would conduct the higher percentage of their patrols. Director Slowbe agreed to continue to serve as the Board's designated security patrol representative to work on scheduling issues with the County.

Director Faske stated that the Board would next discuss park and recreational facilities. Director Slowbe reported that the Contract for Project Services for the parks master plan with the University of Texas at Arlington, attached as **Exhibit "D"**, had been approved by the University and by Ms. Littlefield and requested approval, noting that the work would move forward in January. He stated that he believed the District would get more "bang for the buck" with the University. After discussion, upon motion by Director Goldman and second by Director Faske, the Board voted unanimously to approve the Contract. Director Slowbe stated that there would be a kick-off meeting in January and work would begin with an inventory of what the District had. He stated that the projected time frame for the project was about four months, but that he anticipated that the work would take a little longer. Mr. Bilger noted that this would provide a more comprehensive park plan that would allow the District to submit for grants. He added that they would not provide design plans, but conceptual plans that would provide a basis

for future grant applications. Director Goldman asked about timing for the proposed sidewalks. The Board discussed management of the sidewalk project and agreed that the District would be the manager. Mr. Bilger stated that Centex had agreed to pay for the segment of sidewalk in its neighborhood and that he had agreed to coordinate with Director Faske to obtain a letter of acknowledgement of this contribution. Director Slowbe stated that the District had the funds for the first segment and it was just a matter of ensuring compliance with the competitive bidding laws. The Board then discussed the width of sidewalk that was desired and generally agreed that the sidewalks would be four to five feet wide in the neighborhoods and six feet on the larger roads.

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 1,800 occupied single-family connections, a total of 2,089 accounts, and an estimated population of 5,400 as of the end of November. Mr. Hendrix reported that 39 taps had been sold for the fiscal year to date, noting that there had been 302 new connections in 2018. He stated that there were no major issues with any of the wells and reported that, although the water loss had gone up to 22.68% in October, it had decreased to .98% in November. He attributed the increase to flushing required as a result of the line break, which he noted was about an 1,800,000 gallon loss. Director Thornton asked why there was a gain shown in September. Mr. Hendrix stated that he believed this was attributable to human error. He stated that the line that had broken was under warranty and that the contractor had made the repairs very quickly. Director Faske suggested backbilling the responsible party and estimated that the cost of the water was about \$1,800. Mr. Hendrix stated that he would assemble the back up and send a notice with a provision that additional costs would be billed when the invoices were received. He reported that the motor for Well No. 5 was still out. Mr. Jones stated that he was in the process of selecting a new pump because the original pump which was under warranty was supposedly 25 weeks out. He explained that the delay was due to the pump manufacturer's relocation of its facility, noting the new pump would be provided at no cost to the District. Mr. Hendrix then reported that there had been \$1,700 in write-offs, representing 11 accounts. Mr. Hendrix stated that he had completed Lennar's directive and the form for flushing log was also complete and could be removed from his list. He stated that he would provide an estimate of flushing on a section by section basis and asked that this directive also be removed from his list. Mr. Hendrix then introduced Mr. Will and Mr. Winslett and explained that Crossroads was having to go through new lead and copper sampling as a result of introducing the new Trinity water supply. He stated that it had been a challenge to obtain enough participation due to the requirement of 40 residents, and explained the sampling required pulling water from the bathroom or kitchen before any other usage. Mr. Hendrix stated that this process would have to be repeated in January and the District was still short about 17 samples. Ms. Reynolds stated that she would contact additional residents to participate. Director Goldman stated that the pool manager had expressed concern about standing water around the reverse osmosis unit. Mr. Hendrix stated that there was a drain, but that it was also difficult to access the system due to the pool equipment and chairs stacked in the room at the end of the season. Mr. Hendrix then provided the boil water notice of cancellation attached as **Exhibit "F"** for the District's records. Director Goldman agreed to assist in coordinating the relocation of the items that were creating the access problem.

Director Faske stated that the Board would next discuss water, wastewater and rate matters. After discussion, upon motion by Director Faske and second by Director Slowbe, the Board voted unanimously to implement the increased park and inspection fees that had been authorized in connection with the budget work session effective immediately, although the remainder of the rate order revisions would remain pending.

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"** and the supplemental check register attached as **Exhibit "H"**. She called the Board's attention to the check to renew the District's CASE membership and a wire for the LSRWA bond payment due in January. Director Slowbe stated that he found participation in the CASE group beneficial and informative and Director Faske agreed. Director Akiva asked about the well repair invoice from Hydro, and Mr. Hendrix explained that there had been misinformation about the submonitor and the repair was not covered under the warranty. He stated that he had been able to get a discount on the charge. Director Slowbe stated that, in the future, any assurances from a contractor should be more clearly documented and Mr. Hendrix agreed. Director Faske asked about a credit shown to Cougar Plaza and Mr. Hendrix explained that this was due to an error in Crossroads' system. He stated that a reduced-size meter had been installed, but the charge was not adjusted, so Cougar Plaza had been overcharged for some period of time and a credit was due. The Board thanked Director Akiva for his review of the invoices. Ms. Littlefield explained that it was desirable for the Board to have a formal protocol for invoice review and the Board agreed and directed Ms. Kolmodin to provide all invoices to Director Akiva on a monthly basis so he could review them prior to the Board meeting. Upon motion by Director Goldman and second by Director Faske, the Board voted unanimously to approve the bookkeeper's report and the payment of the bills and invoices as presented.

Ms. Kolmodin then requested approval of the Amended Secretary's Certificate and Resolutions Regarding Bookkeeper's Account attached as **Exhibit "I"**. After discussion, upon motion by Director Faske and second by Director Goldman, the Board voted unanimously to approve the Amended Certificate and Resolutions.

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"**. He reported that he and Mr. Bilger had met with the City about the wastewater treatment plant expansion. He stated that the project was underway, but that he expected it to be July before the construction was ready to go. Director Slowbe asked what the options were and Mr. Bilger responded that it was really too late to implement any alternative and added that the City was currently in compliance with regard to quantity and stated that, according to City, its water quality parameters were all in compliance. Mr. Bilger stated that the City had a contract to re-line part of a wastewater line that was leaking, but the work had been delayed by the rain. He added that the City had now authorized two all-weather roads to the manholes, so it could proceed with the project. Mr. Jones stated that, as long as the City was in compliance with its water quality parameters, he did not see that the plant would be on Texas Commission on Environmental Quality ("**TCEQ**") radar. Mr. James agreed, noting that, under the TCEQ's 90% rule, the City had to be under construction and it was and that, until it became a water quality issue, he did not feel it was a problem.

Mr. Jones then reported that the LSRWA had now engaged Mr. Joyce to perform a rate study, which would allow him to proceed with the District's rate study update. He explained that Mr. Heroy had asked if the Board felt part of the LSRWA's operating costs should be included in its rates. The Board discussed the issue and agreed that this was the appropriate approach. The Board directed Mr. Jones to pass this along to the LSRWA board and to also advise the LSRWA board of the Board's concern with its contractor running mud through the subdivision. Mr. Jones then reported that a total of 10.5 mgd of capacity in the LSRWA line would be provided to the District, but the participants had not signed up for all of the available capacity. He added that the District was still paying for a portion of the excess since all three participants who would use the line paid all of the related bills. He stated that the City had said that it wanted to buy the additional capacity, but had changed its mind because the customer commitments for the additional water did not come through. Mr. Jones stated that the City now

said it wanted .8 mgd of the excess 1.6 mgd of capacity and asked the Board whether the additional .8 mgd should be acquired by the District. Mr. Jones stated that the District was still paying the same debt service and would receive a credit because of the City taking a portion of the excess so the question was if the District should take the additional capacity. Mr. Bilger stated that he felt this was a good value to have. The Board then discussed the debt service on the excess capacity and Ms. Littlefield noted that, if the capacity was being obtained for resale, the best approach was not to increase the costs to the residents, but to have the out of district customer carry the debt service attributable to the additional capacity. The Board directed Ms. Littlefield to put this item back on the agenda for discussion at the January meeting.

Mr. Jones then presented Pay Estimate No. 6 from JKB Construction Company in the amount of \$314,108.10, attached as **Exhibit "K"**, and Change Order No. 1 in the amount of \$5,529, attached as **Exhibit "L"**, for Sonterra West Section 12 and requested approval. He noted that the Change Order was for the deletion of an island on Sonterra Boulevard, changing a manhole to a junction box, and lowering an 8" waterline along the pond by Turquoise Way. Upon motion by Director Faske and second by Director Akiva, the Board voted unanimously to approve the Pay Estimate and Change Order, as presented.

Mr. Jones then presented Pay Estimates No. 8 and 9 from Joe Bland Construction, LP, in the amounts of \$18,907.20 and \$115,028.64, attached as **Exhibits "M" and "N"**, and Change Order No. 5 in the amount of \$5,300, attached as **Exhibit "O"**, for Sonterra West Section 8-O, 10-3, 11-2 and 12C Construction and requested approval. He stated that the contract was almost complete, noting that the two sections were completed but the contractor was still waiting on power to the lift station. He noted that the Change Order was for the addition of an 8" gate valve and to adjust the drainage ditch along CR 332. After discussion, upon motion by Director Faske and second by Director Goldman, the Board voted unanimously to approve the Pay Estimates and Change Order.

Mr. Jones then presented Pay Estimates No. 2 and 3 from Joe Bland Construction, LP, in the amounts of \$534,316.39 and \$191,847.71, attached as **Exhibits "P" and "Q"**, and Change Order No. 1 in the amount of \$45,902.25, attached as **Exhibit "R"**, for Sonterra West Section 8N and requested approval. He noted that the Change Order was to adjust the quantities associated with revisions to the layout of Sonterra Boulevard (Section 8N-1) due to a design change required by the County that required construction of a roundabout and a significant reworking of the utilities. After discussion, upon motion by Director Faske and second by Director Goldman, the Board voted unanimously to approve the Pay Estimates and Change Order.

Mr. Jones then presented Pay Estimates No. 1, 2 and 3 from JKB Construction Co., LLC, in the amounts of \$544,939.33, \$185,357.70, and \$445,954.72, attached as **Exhibits "S", "T", and "U"**, and Change Orders No. 1 and 2 in the amounts of \$5,937.50 and \$13,181, attached as **Exhibits "V" and "W"**, for Sonterra West Section 11, Phase 3 and Sonterra West Section 12B and requested approval. He noted that the Change Orders were for erosion and sedimentation controls at 12C condos and for a 12-inch waterline connection to an existing 6-inch waterline in Hilltop Estates to provide a loop. He stated that the Change Orders were clean-up items, because Wolf Construction which had constructed the 12C condos, didn't do some erosion control work under its contract, and noted that there would be an offsetting deduction from the Wolf Construction contract. After discussion, upon motion by Director Faske and second by Director Slowbe, the Board voted unanimously to approve the Pay Estimates and Change Orders.

Mr. Jones then advised the Board that currently there was only one wastewater connection from the District to the Jarrell wastewater system, but an additional connection was

planned for the Sonterra West Section 12B and Section 13 offsite interceptor. He explained that the existing connection was metered, but he had been discussing not metering the new connection due to problems with the existing wastewater flow meter. Mr. Jones and Ms. Littlefield discussed winter-averaging advantages and their expectation that providing for this could reduce the District's costs and provide an opportunity to reduce costs to the residents. After discussion, the Board directed Mr. Jones to proceed with the proposed negotiation.

Mr. Jones then reported that some offsite easements would be needed to serve future sections and suggested hiring a landman, Don Rice, and a surveyor to assist in obtaining the easements as he thought this would be much more efficient. Director Faske asked who would pay for this cost and Mr. Bilger stated that ultimately it would be the District's expense. Ms. Littlefield asked if any service to Cool Water Municipal Utility District would be provided through the easements. Mr. Jones responded that there would be and stated that there would need to be some cost-sharing agreements. The Board directed Mr. Jones to bring the proposals to the next meeting.

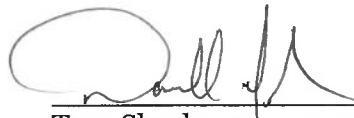
Mr. Jones stated that so far there were no connections in Section 10, Phase 3 and Section 11, Phase 2 so no need to pump and haul.

Director Faske then recognized Ms. Littlefield, who stated that her directives were still pending, as she was still working with Mr. Bilger on a revised rate order as previously discussed.

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



Date: December 10, 2018



~~Tom Slowbe~~ Darrell Goldman
Asst. Secretary, Board of Directors