

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

February 18, 2019

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

A meeting of the Board of Directors of Sonterra Municipal Utility District was held on February 18, 2019, 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
Darrell Goldman	Secretary
Menashe "Manny" Akiva	Assistant Secretary
Camy Lenn Reynolds	Assistant Secretary

Director Tom Slowbe was absent. Also present at the meeting were Andy Bilger of Vecindario Management, LLC; Edward Castro of Top Quality Lawn Care; Taylor Kolmodin of Municipal Accounts and Consulting ("MAC"); Jason Jones of Jones Heroy & Associates; Robin Barfield, representing the Community Library Northern Williamson County (the "Library") and Sue Brooks Littlefield of Armbrust & Brown, PLLC.

Director Faske called the meeting to order at 6:01 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 were no Board member remarks. Director Faske then recognized Ms. Barfield, who stated that she was present on behalf of the Library and thanked the Board for allowing the Library to have space in the District's building. She explained that the Library had received so many donations that they didn't have as much space as they needed. Ms. Barfield then asked for additional space in the District office. She outlined the areas that were requested and explained the Library's needs to the Board. Ms. Littlefield stated that she had discussed the Library's request with the District's bond counsel and had a concern that the primary purpose of the building should be District administrative functions. She reminded the Board that the Library, while a non-profit, was not a governmental entity and the District's purposes did not include operating a Library. She also pointed out that the building was being paid for through a capital lease and noted that capital leases would shortly become a disclosure issue under new Federal Securities regulations. After discussion, Mr. Bilger suggested allowing the Library to take over his office, which he noted would still ensure that the majority of the building was used for District purposes. He acknowledged that the request by the Library was for use of almost ¾ of the building, which could be challenging. Ms. Barfield stated that anything the District could give them would be very much appreciated. Director Goldman asked if Mr. Bilger would still have the space he needed to manage the District if he moved to another office, and Mr. Bilger responded that he would, and that he felt his existing office would be the easiest add-on. Ms. Barfield stated that the Library was willing to do anything they could to help the District. Director Faske then moved that the Board allow the Library use of Mr. Bilger's current office. Upon second by Director Akiva, the motion was adopted by a vote of 4-0.

Director Faske then stated that the Board would consider approving the minutes of the January 21, 2019 Board meeting. Upon motion by Director Goldman and second by Director Akiva, the Board voted 4-0 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 he was close to finalizing the purchase of the water tank and trailer and was coordinating with Ms. Kolmodin on arranging for the payment. He also reported that the purchase of a new zero-turn mower was becoming a big need. He noted that the current mower had been in use about 10 years and proposed that it be kept as a backup mower and the District purchase a new Series 10 or 11 John Deere mower. Mr. Bilger added that the 11 Series had a 72-inch pan and cost approximately \$10,000 or \$11,000. Director Faske suggested checking with the big suppliers and the Board discussed other brands of mowers that it would like to be considered. After discussion, upon motion by Director Faske and second by Director Goldman, the Board voted 4-0 to authorize the purchase of a new zero-turn mower at a cost not to exceed \$12,000. Director Faske asked that Mr. Bilger get two or three prices before finalizing the purchase and Mr. Bilger agreed to do so.

Mr. Bilger then stated that it had come to his attention that the fee payable to the Sonterra West Homeowners' Association, Inc. ("HOA") for deed restriction enforcement had remained the same, \$5.00 per house, since the inception of the agreement with the HOA and that he had asked that an item to increase the fee be placed on the Board's meeting agenda. He explained that Ms. Littlefield had suggested that the most appropriate time for a fee increase to be considered would be during the next budget cycle and so the HOA had requested that the Board consider an increase in the fee at that time. Mr. Bilger stated that, as requested by Ms. Littlefield, he would also research the fees charged by other companies providing this type of service for comparison purposes.

Mr. Bilger then called the Board's attention to the agenda item regarding scheduling the annual bulk waste clean-up day. After discussion, upon motion by Director Faske and second by Director Goldman the Board voted 4-0 to delegate the authority to coordinate and schedule this annual event to Mr. Bilger and Director Slowbe.

Director Faske then stated that the Board would discuss District security. Mr. Bilger explained that he had discussed the Board's issue with the security patrols and related payments with the City of Jarrell's (the "City's") Mayor and City Manager, noting that they were holding \$5,000 of checks at the District's request. Ms. Kolmodin confirmed that she had issued stop-payments on the checks due to the Board's questions about the bills for services that had been received. Ms. Littlefield reminded the Board that there had been a question about number of hours of patrols actually provided, as it appeared the maximum amount of hours authorized under the agreement with the City had been billed, and that the hours had not been supported by detailed reports showing the patrol hours actually logged. The Board agreed and requested that Mr. Bilger obtain support for the hours billed for the final few months of the contract.

Director Faske stated that the Board would next discuss park and recreational facilities. Mr. Bilger reported that the Park and Trails Subcommittee had met with representatives of UT Arlington and had begun to put together a master parks plan for the District. He stated that they expected to have the work done by late April and that he expected good things from them. Mr. Bilger reported that Mr. Jones had reviewed the bid form for the sidewalk project and expected to advertise for Phase 1 of the sidewalk improvements in the next week or so. Director Reynolds asked for the reasoning behind the sidewalk to the District office and Mr. Bilger responded that it would provide access to the Library.

Director Reynolds then directed that Mr. Bilger provide name plates for the new Board members at the next meeting and he agreed to do so.

Director Faske then stated that the Board would receive the District operator's report. Mr. Bilger stated that Mr. Hendrix had been unable to attend the meeting and called the Board's attention to the operator's report, attached as **Exhibit "B"**. The Board then reviewed the proposal for the repair of the District's portable generator by Commercial Diesel Parts and Services, attached as **Exhibit "C"**. Director Faske stated that, as previously discussed by the Board, Crossroads needed to have appropriate operating practices in place to ensure that routine maintenance of the portable generator occurred. Mr. Jones pointed out that Mr. Hendrix had been given a directive to develop a maintenance program. Mr. Bilger suggested that a better practice would be to buy propane or natural gas generators in the future. After discussion, the Board reiterated its directive to Mr. Hendrix to come back to the Board with a recommended service plan for the portable generator. Upon motion by Director Goldman and second by Director Reynolds, the Board voted 4-0 to approve the proposal for the repair of the generator.

Director Faske stated that the Board would next discuss water, wastewater and rate matters. Mr. Jones confirmed that the District was still on Stage 1 and added that no change to the current water rationing plan was recommended at this time. He reported that the last fluoride samples were still less than 4 mg/L, even without the Trinity well being on line. The Board discussed the status of the Trinity well and Mr. Jones noted that the process to obtain the new pump was painstakingly slow. After discussion, the Board directed Mr. Jones to notify the contractor that this was viewed as a maintenance issue and a prompt resolution was required or the contractor's bonding company would be notified of the issue. Director Faske expressed concern about the warranty for the new pump, noting that it should run from the date of installation and not from the original completion date of the project. Upon motion by Director Goldman and second by Director Faske, the Board voted 4-0 to notify the contractor's bonding company unless the matter was resolved within one week. Mr. Jones stated that he would notify the contractor of the Board's decision.

Mr. Jones then reported that the contractor for the expansion of the City's wastewater plant expansion was clearly very well qualified, had engaged a new project manager he knew who was very capable, and had many personnel on site. He stated that he felt the project would get done and get done correctly, but estimated that it would be about June before the expansion was operational, although the City was saying April. Mr. Jones reported that the City had made some progress on repairing the leaks that had created the inflow and infiltration issues and added that he was told that the contractor had found a 100,000 gallon per day leak about a mile east of the District, in the creek. He stated that repairing this leak had taken the City's wastewater flows down below the permitted number, which was a significant improvement.

Mr. Bilger then reminded the Board that Mr. Jones had previously proposed changing the basis on which the District's wastewater usage was calculated under the wholesale contract with the City from flow meters to winter-averaging. After discussion, upon motion by Director Goldman and second by Director Faske, the Board voted 4-0 to authorize negotiation and execution of an amendment to the District's wholesale contract to provide for winter-averaging. Mr. Bilger then explained that he and the Mayor had been discussing capacity issues at the plant and added that, even with the expansion that was underway, the District needed more assurance of capacity. He stated that the City was understaffed and the wastewater utility had become a fairly overwhelming operation and that growth in the area, especially in the District, had taken the City somewhat by surprise. Mr. Bilger stated that he had now been named a special advisor to the City to provide additional guidance and assistance in managing this growth and explained that the City would need to update its wastewater permit and then bid and construct the next

expansion. He stated that, with that next expansion, the City's capacity would only be at 2,000,000 gallons per day and pointed out that the expansion that was underway would only get the City to 1,000,000 gallons per day and that all of this capacity was committed. Mr. Bilger stated that Schwertner had a capacity commitment, but there was a notice period of about four years. He added that there was a real issue with the amount of capacity the City had previously committed. He stated that, after discussion with the City, SonWest Co had proposed to make reservation payments in advance to guarantee the capacity the City had committed to the District and asked that the Board authorize negotiation and execution of an agreement to document the reservation. Ms. Littlefield explained that the concept was that the District would actually purchase and own the capacity rather than just have a commitment. After discussion, upon motion by Director Faske and second by Director Goldman, the Board voted 4-0 to authorize negotiation and execution of a capacity purchase agreement by Mr. Bilger, Ms. Littlefield, and Directors Goldman and Faske.

Director Faske stated that the Board would next discuss rate matters, including the status of the rate study and an amendment to the District's rate order. Ms. Littlefield stated that Mr. Joyce's rate study was still in process and explained that she had prepared an amendment to the current rate order to document the park fee increase the Board had previously approved. After discussion, upon motion by Director Faske and second by Director Goldman, the Board voted 4-0 to approve the Amendment No. 1 to Amended Rate Order attached as **Exhibit "D"**.

Director Faske then stated that the Board would receive the bookkeeper's report. Director Akiva asked several questions on payments being presented and Ms. Kolmodin addressed each question. Ms. Kolmodin then called the Board's attention to the check register attached as **Exhibit "E"** and the supplemental check register attached as **Exhibit "F"**. 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 of the per diem to Director Slowbe due to his absence from the meeting. The Board discussed the process for payment of the Sheriff's deputies. Director Faske stated that he preferred that the checks be presented at each Board meeting so the Board members had an opportunity to review the hours expended and approve the payments and the Board concurred.

Ms. Kolmodin then presented the Amended Secretary's Certificate and Resolutions Regarding Bookkeeper's Account attached as **Exhibit "G"** and requested approval, noting that this would increase the amount on deposit in the account and allow her to pay the Sheriff's deputies. Upon motion by Director Faske and second by Director Goldman, the Board voted 4-0 to approve the Amended Secretary's Certificate and Resolutions.

Director Faske then stated that the Board would next receive the engineer's report and recognized Mr. Jones. Mr. Jones presented his report, attached as **Exhibit "H"**. He reviewed his directives and stated that he had discussed the damage to the District's irrigation system caused by Lone Star Regional Water Authority's ("LSRWA's") contractors with the LSRWA project manager, Steve Kallman. He stated that there were two contractors who were responsible, and that, for one contractor, the District irrigation contractor was following behind them, making the repairs and sending them a bill. He explained that the other contractor was trying to do the repairs itself and he anticipated that this would be a problem. Mr. Jones stated that Mr. Kallman had agreed to include him in any walk-throughs to ensure all repairs were made properly. He also stated that he had advised Mr. Kallman that the contractor would be billed for the trees that had been killed due to the damage. Mr. Bilger explained that the District's contractor, Green Planet Scapes, had spent a majority of its time recently repairing the irrigation system when the contractor repeatedly damaged the system. He stated that the contractors had damaged a lot of small lines which was very challenging to repair and that some of these lines would have to be replaced. Mr. Jones stated that Austin Underground was about

done with its part of the LSRWA project. Mr. Jones confirmed that he had sent a map detailing the location of the District parks to Director Slowbe as directed.

Mr. Jones then presented Pay Estimate No. 7 (Retainage) from Central Road and Utility in the amount of \$96,636.89, attached as **Exhibit "I"** for Water Plant No. 1 – Phase III 8-inch Waterline and Site Improvements and requested approval, noting that he had received the affidavit of all bills paid and release of liens from the contractor, and that four checks would be cut, including three joint checks to the contractor and various subcontractors, as authorized by the letter agreement attached as **Exhibit "J"**. He also recommended acceptance of the project for operation and maintenance. Upon motion by Director Faske and second by Director Goldman, the Board voted 4-0 to approve the Pay Estimate, the letter agreement and to accept the project.

Mr. Jones then presented Pay Estimate No. 9 and Change Orders No. 2 and 3 from JKB Construction Company in the amounts of \$57,915, \$3,000 and \$3,502.50, attached as **Exhibits "K", "L", and "M"**, respectively, for Sonterra West Section 12 and requested approval. He explained that Change Order No. 2 was for adding irrigation sleeves and was not eligible for reimbursement, and Change Order No. 3 was for replacing a manhole with one with a lid meeting current requirements. Upon motion by Director Faske and second by Director Akiva, the Board voted 4-0 to approve the Pay Estimate and Change Orders.

Mr. Jones then presented Pay Estimate No. 4 from Joe Bland Construction, LP, in the amount of \$17,145, attached as **Exhibit "N"**, for Sonterra West Section 8N. He stated that the project was almost complete and recommended approval. After discussion, upon motion by Director Faske and second by Director Goldman, the Board voted 4-0 to approve the Pay Estimate.

Mr. Jones then presented the information attached as **Exhibit "O"** relating to County Road 314 easement acquisition, and reviewed the location of the area in which easements were required with the Board. He explained that Cool Water Municipal Utility District ("Cool Water MUD") required a 12-inch water line which would require an extension of an existing line in the District and added that an easement was also needed for the extension of a force main to Cool Water MUD. He reviewed the proposals for professional assistance from a landman and for surveying of the easements and recommended that the cost of the work be split between Cool Water MUD and the District, with each paying one-half. The Board then briefly discussed service to Cool Water MUD, including the anticipated structure of rates and how the income streams will benefit the District by paying debt service on District bonds as well as LSRWA bonds. Mr. Jones pointed out that the proposal was to put the lines on the south side of the road so there would only be four owners affected, but if the District was required to go to the north side, the easement acquisition would become more complicated as a result of the numerous small property owners. Mr. Jones noted that work on this project would be invoiced as a separate matter so that Cool Water MUD would pay its one-half as costs were incurred. Upon motion by Director Faske and second by Director Goldman, the Board voted 4-0 to approve proposals with the directive to Mr. Jones to ensure the Pape Dawson proposal was revised to reflect a not to exceed amount of \$20,250 and to clarify that the work would be performed on an hourly basis, subject to 50% cost participation by Cool Water MUD.

Mr. Bilger stated that meters were being set in Sonterra West Section 10, Phase 3 and Section 11, Phase 2, but there were not any wastewater flows at this time, and that the pump and haul program would be on-going once there were flows.

Mr. Jones stated that he expected to receive the draft memo from the Texas Commission on Environmental Quality on the District's Bond Application No. 8 by the end of the month and reported that he had taken the reviewer on a tour of the District earlier in the month.

Director Faske then stated that the Board would discuss the LSRWA update, including the rate study and the acquisition of excess capacity and allocation of related costs. Mr. Jones agreed to follow-up on final documentation relating to the purchase of the additional capacity.

Director Faske then recognized Ms. Littlefield, who reviewed her directives with the Board.

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



Darrell Goldman
Secretary, Board of Directors

Date: February 18, 2019