

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

June 17, 2019

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

A meeting of the Board of Directors of Sonterra Municipal Utility District was held on June 17, 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
Tom Slowbe	-	Vice President
Darrell Goldman	-	Secretary
Camy Lenn Reynolds	-	Assistant Secretary

Director Manny Akiva arrived later. Also present at the meeting were Andy Bilger of Vecindario Management, LLC; Jason Jones of Jones-Heroy & Associates, Inc. ("JHA"); Taylor Kolmodin of Municipal Accounts and Consulting, LP; Dennis Hendrix of Crossroads Utility Services, Inc. Edward Castro of Top Quality Lawn Care; John Aregood of LGI Homes; Chris Tschirhart and Phill Valenzuela, 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. He then recognized Mr. Aregood. Mr. Aregood explained that he was the Regional Construction Manager for LGI Homes and was present to discuss fines that had been assessed against his company for water theft. Mr. Aregood apologized for what he called "an egregious act of theft" and stated that it aggrieved him that this had occurred. He asked the Board to consider reducing the maximum fine with his promise that this would never occur again. Director Faske stated that this request did not appear on the Board's meeting agenda and so the Board could not discuss or take any action on it, but could place the request on the next agenda. Mr. Aregood confirmed that his request was for four addresses and added that he had just learned about the fines the previous Thursday. Director Faske stated that the Board appreciated his honesty in acknowledging the theft and directed Ms. Littlefield to put the request on the July agenda. At this time, Director Akiva arrived at the meeting.

There being no other citizen's communications and no Board member announcements, Director Faske stated that the Board would next discuss the administrative acceptance of Sonterra West Section 8-O, Section 10 Phase 3, Section 11 Phase 2 and Section 12C. Mr. Jones advised the Board that project was now 100% completed and that he had received all of the close out documentation from the contractor. He stated that there remained a few construction items on the punch list for the detention pond, but he considered these maintenance items that had not been addressed due to the rain. Mr. Jones added that the contractor was Joe Bland Construction and that the District had a maintenance bond and one-year warranty from the contractor. Ms. Martin then distributed the supplemental report on reimbursable costs attached as **Exhibit "B"** and noted that her firm had prepared the report in connection with the proposed disbursement of the reimbursement to the developer for Sonterra West Section 8-O,

Section 10 Phase 3, Section 11 Phase 2 and Section 12C. Upon motion by Director Slowbe and second by Director Goldman, the Board authorized Mr. Jones to proceed with administrative acceptance of the project. Mr. Jones agreed to notify the Board when the punch list was complete and the project was accepted.

Director Faske then moved that the Board accept the supplemental report on reimbursable costs and authorize disbursement of the additional proceeds in accordance with the report, subject to receipt of a disbursement letter signed by the developer. Upon motion by Faske and second by Director Goldman, the motion was adopted by unanimous vote. A copy of the signed final supplemental disbursement letter is attached as **Exhibit "C"**.

Director Faske stated that the Board would next consider approving the minutes of the May 20, 2019 Board meeting. Upon motion by Director Faske and second by Director Reynolds, 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 he had purchased new name plates for the Directors as requested. Mr. Bilger noted that part of the new sidewalk had been completed and requested Board approval of the first pay application, noting that the application had been submitted without a payment amount and that he requested that the Board cut or write a check subject to final approval from a third director. Mr. Bilger asked whether, if he worked with the County to ensure the sidewalk was outside the County's project on Quarry Rim, the Board would be willing to begin the extension of the sidewalk from the District office along Quarry Rim, and to complete it once County's work was complete. He added that this was an important project. Mr. Bilger confirmed that the contractor would hold its price for 90 days. Director Slowbe stated that he wanted to be sure that the sidewalk was pulled back from the driveway on Flying J, noting that he was concerned that trucks would damage the sidewalk. The Board discussed protecting the sidewalks with bollards and Mr. Bilger stated that these would not be permitted on the County Road, but agreed it would be best to pull the sidewalk back. Director Faske asked about including sleeves under the sidewalk and Mr. Bilger confirmed they were already included. Upon motion by Director Slowbe and second by Director Reynolds, the Board voted unanimously to approve the payment to the contractor in an amount not to exceed \$40,000, upon receipt of a completed pay estimate and subject to Director Reynolds's final approval.

Mr. Bilger then reminded the Board that it was moving into budget season and noted Dan Fleece had requested a pay increase and an increased vehicle allowance. He stated that he wanted to ensure that this request was put on the worksession agenda for discussion. Director Faske asked if there was a list of all of the budget items to be considered and Ms. Kolmodin responded that there was. She stated that she expected to receive the District's certified values in late July, noting that this would be a big driver, and requested a budget work session be scheduled during the first two weeks of August. After discussion, the Board agreed to hold a work session on August 7th at 3:00 p.m. He then reviewed his directives. Director Reynolds asked about the ramp for the library and Mr. Bilger stated that he could order it. Director Slowbe asked if the library was going to take more space and Mr. Bilger responded that the District's office needed to be used primarily for government purposes. Director Slowbe stated that the District office had been left unlocked twice, according to the Sheriff's deputy. Mr. Bilger stated that the pool was operating at record levels.

Director Faske then stated that the Board would review the current Board officers and District Registration Form. After review, the Board agreed that no changes were necessary.

Director Faske then stated that the Board would discuss District security. He called the Board's attention to the security report, noting that the County was an officer short and still

issued 66 citations and 60 warnings, and made 30 security checks. Director Slowbe stated that the deputies were doing a great job, noting that there had also been 17 service calls. He noted that this was the kind of the report the Board had asked for from the City and felt contracting with the County was the correct decision for the Board to make. Ms. Kolmodin stated that the County had replaced the officer who had left.

Director Faske then stated that the Board would discuss park and recreational facilities. Director Slowbe reported that the sidewalk was fantastic and was already being used. He stated that he had had another couple of meetings with the Park Subcommittee and UT Arlington and that he had a study that he thought he might present at the next Board meeting. He noted that the District was fortunate that it had areas that could be converted to parks and also felt the District would be able to get a really nice loop of three or four miles along Bailey Park that would be a great walking/jogging trail around the entire community. Ms. Kolmodin stated that she would backbill the HOA for its share of the sidewalk once the corrected pay estimate was received.

Director Faske stated that the Board would next discuss the Landscape Maintenance Agreement with Green Planet Scapes. Ms. Littlefield stated that she had received an executed contract and a monthly report. The Board discussed the hourly rate for irrigation repairs and agreed that changes for irrigation repairs on the past invoices would need to be credited if the District had been charged more than \$67 per hour.

Director Faske then stated that the Board would receive the District operator's report. Mr. Hendrix presented Crossroads' report, attached as **Exhibit "D"**. He stated that, as of the end of May, the District had 1,969 occupied single-family connections and a population of almost 6,000 and a total of 2,252 accounts and that there had been 32 new taps sold in May and 167 for the year. He reported that all lab results had been satisfactory and that there had been a water loss of 6.98% during the prior reporting period. He stated that everything was operating well, but that there had been some power outages. He stated that the District's deductible was \$5,000, so not much was covered by insurance. He stated that the digital chlorine scales were not covered by a warranty. He also stated that two accounts had been sent for collection and there currently was no pump and haul occurring. Mr. Hendrix stated that there had been no complaints about the reverse osmosis unit. He stated that he would need to change out media in the unit soon and that he would provide cost information for the budget.

Director Faske stated that the Board would next discuss water, wastewater and rate matters. Mr. Jones stated that the District was still in a good place with regard to its water use restrictions. He stated that the wells remained below 4% on fluoride and that demand was hovering around 50% or 60% of capacity. He then distributed the photos of the City of Jarrell's wastewater treatment plant expansion attached as **Exhibit "E"** and noted that he had originally estimated that the project would be substantially complete around September and that these photos confirmed that timeline. He noted that there was still a lot of equipment to install and test. Director Faske asked if the contractor was working extended hours, and whether there was any penalty in its contract for late completion. Mr. Jones stated that he too would like to obtain this information from the contractor. Director Faske noted that this was about a \$10 Million contract and he assumed there was a schedule of damages. After discussion, Ms. Littlefield called the Board's attention to the proposed Fourth Amendment to Agreement for Wholesale Wastewater Services attached as **Exhibit "F"**. Mr. Jones explained that the 1 MGD expansion was actually a second plant, and the remedy if the City failed to keep up with service needs would be to tie the existing .5 MGD plant to the 1 MGD expansion, noting that the City's next step was an additional 1 MGD expansion and, if this was delayed, then operating the two plants in parallel would be quicker than building a second 1 MGD phase. After discussion, upon motion by Director Slowbe and second by Director Faske, the Board voted unanimously to

approve the Fourth Amendment and to authorize Mr. Bilger and Mr. Jones to proceed with presenting the Fourth Amendment to the City for signature.

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"** and the funds transfers. Director Akiva asked questions about several payments that were being presented for approval, and Ms. Kolmodin reviewed the backup for the payment with him. After discussion, upon motion by Director Akiva and second by Director Reynolds, the Board voted unanimously to approve the bookkeeper's report and the payments and transfers as presented. Ms. Kolmodin stated that she would provide the Board with the "wish list items" for the budget worksession.

Director Faske stated that the Board would next discuss the District's Bond Application No. 9. Mr. Jones presented the preliminary summary of costs attached as **Exhibit "I"** and explained that this would be the District's largest bond application to date. He then reviewed the Resolution Authorizing Application to the Texas Commission on Environmental Quality for Approval of Project and Bonds attached as **Exhibit "J"**. He noted that this bond application included funding for 1,071 lots and this was very efficient in terms of construction dollars. He stated that, after this issue, the District was getting to the end of its available bonding capacity. Ms. Littlefield confirmed that, once the bonding authorization was utilized, the District would either have to look at other funding sources or call another bond election, which could be challenging to pass. She noted that also included on the agenda was an item to discuss impact fees, which could provide additional funding for capital improvements. After discussion, upon motion by Director Faske and second by Director Goldman, the Board voted unanimously to approve the Resolution, the Street and Utility Construction Agreement for Sonterra West Section 12B and Sonterra West Section 11, Phase 3, attached as **Exhibit "K"**; Street and Utility Construction Agreement for Sonterra West Section 13, attached as **Exhibit "L"**; and Street and Utility Construction Agreement for Bailey Park Phase 1, Bailey Park Phase IV and Sonterra West Section 7, Phase 2A-1, Block 12, Lot 34, attached as **Exhibit "M"**; as well as the Agreement Regarding Hold-Back of Bond Proceeds for Sonterra West Section 12B and Sonterra West Section 11, Phase 3, attached as **Exhibit "N"**; Agreement Regarding Hold-Back of Bond Proceeds for Sonterra West Section 13, attached as **Exhibit "O"**; and Agreement Regarding Hold-Back of Bond Proceeds for Bailey Park Phase 1, Bailey Park Phase IV and Sonterra West Section 7, Phase 2A-1, Block 12, Lot 34, attached as **Exhibit "P"**.

Director Faske then recognized Mr. Jones for the purpose of receiving the engineer's report. Mr. Jones called the Board's attention to his report, attached as **Exhibit "Q"**, noting that the backcharges for the irrigation system repairs had still not been finalized. Ms. Kolmodin stated that she would continue to work with Mr. Bilger. Mr. Jones stated that the force main relocation project directive was complete as it had been changed ordered into another contract at the May meeting.

Mr. Jones then presented Pay Estimate No. 10 in the amount of \$302,766.43, attached as **Exhibit "R"**, for Sonterra West Section 11, Phase 3 and Sonterra West Section 12B and recommended approval. After discussion, upon motion by Director Faske and second by Director Goldman the Board voted unanimously to approve the Pay Estimate.

Mr. Jones then reminded the Board that it had deferred action on the District's Water Treatment Plants No. 1 and 2 upgrades at its last meeting. He stated that the District's design engineer, Steve Kallman, recommended award of the contract to the second low bidder, TTE, LLC of Spicewood, Texas for the bid amount of \$770,486.25. He stated that the low bidder had not done any general contracting work in Texas and had also tried to propose some items that were not authorized under the bid documents. He stated that Mr. Kallman had worked with

TTE and was very impressed with them. After discussion, upon motion by Director Faske and second by Director Slowbe, the Board voted unanimously to approve the award of the contract to TTE, LLC. Mr. Jones stated that he anticipated work would be done in early 2020 so that blending of water could begin at that time.

Mr. Jones then presented Pay Estimate No. 1 in the amount of \$411,257.25, attached as **Exhibit "S"**, for Sonterra West Bailey Park Phase I and IV and Sonterra West Section 7, Phase 2A-1, Block 12, Lot 34 and recommended approval. He stated that the contractor had begun work on May 3rd. After discussion, upon motion by Director Faske and second by Director Reynolds, the Board voted unanimously to approve the Pay Estimate.

Mr. Jones then stated that HydroResources had mobilized to do the additional work on Water Plant 1 – Phase IIB Trinity Water Well Construction. He provided the photo of the pump attached as **Exhibit "T"**, noting that this photo had been taken the prior week on June 12th. He reminded the Board that this was all warranty work. Mr. Jones confirmed that this pump would have a full one-year warranty from the date it started up and noted that the manufacturer was on site during the installation. He stated that Crossroads' charges through May 13th for manually operating the well were over \$2,000 and, once the pump was started up, he would put a new total together. He added that the contract with Hydro Resources provided for these backcharges. Mr. Jones added that he anticipated the well would be operational in two weeks.

Ms. Littlefield then recommended that the Board approve the Temporary Easement for Section 12 Offsite Interceptor attached as **Exhibit "U"** and explained that this easement was through some unplatted property and that it would be released in phases as the land was platted and a permanent easement was granted. Upon motion by Director Faske and second by Director Goldman, the Board voted unanimously to approve the Temporary Easement. Mr. Bilger then advised the Board that a company approached him about installing internet on the water tower and that this would give residents another option for internet service. The Board directed Ms. Littlefield to add an item to the Board's next meeting agenda to discuss the proposal.

Director Faske then stated that the Board would discuss the water impact fee process. After discussion, the Board confirmed that it wished to proceed with this process.

Director Faske then recognized Ms. Littlefield, who reviewed her directives with the Board. She then presented the schedule for establishing the District's 2019-2020 budget and 2019 tax rate and reminded the Board that the August and September Board meetings would be important ones. She asked that, if any Board member had a conflict on one of those meeting dates, they notify her office.

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



Darrell Goldman
Secretary, Board of Directors

Date: June 17, 2019