

**SONTERRA MUNICIPAL UTILITY DISTRICT
MINUTES OF BOARD OF DIRECTORS' MEETING**

June 19, 2017

THE STATE OF TEXAS §
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COUNTY OF WILLIAMSON §

A meeting of the Board of Directors of Sonterra Municipal Utility District was held on June 19, 2017, within the boundaries of the District, 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
David Chandos	Vice President
Michael McCloskey	Secretary
Dale Thornton	Assistant Secretary
Tom Slowbe	Assistant Secretary

Also present at the meeting were Andy Bilger of Vecendario Management, LLC; Darrell Goldman; Dennis Hendrix and William Abshire of Crossroads Utility Services ("Crossroads"); Keli Kirkley of Municipal Accounts and Consulting ("MAC"); Jason Jones of Jones Heroy & Associates; residents Morgan Taylor, Romeo Ramon, James Williams, Robert Shine, Steven Barbee, Jamie Hudder, Jeff Carter, Judith Leanesio, Carlos Hasburn, and the other residents of the District listed on **Exhibit "A-1"**; and Sue Brooks Littlefield of Armbrust & Brown, PLLC.

Director Faske called the meeting to order at 6:30 p.m. After the Pledges of Allegiance to the United States and Texas flags and the invocation from Director McCloskey, Director Faske stated that the Board would first receive an update from Mr. Bilger, the District's manager, on the fluoride issue. Mr. Bilger invited all of the residents present into the meeting space in order to ensure that everyone present was able to hear.

Mr. Bilger then introduced himself, thanked those present for attending, and stated that the Board was aware that the residents were concerned about the fluoride levels in the water supply. He stated that he hoped everyone had received a copy of the "FAQ", attached as **Exhibit "B"**, that had been prepared. He added that the District took responsibility for sending out the Texas Commission on Environmental Quality ("TCEQ") form notice regarding the fluoride levels and acknowledged that the form was concerning and contradictory. Mr. Bilger stated that the Board served the community and that nothing was more important than the District's ability to supply quality water. He then reviewed the FAQ and stated that he wanted to go over a few key points that had not been widely discussed. He explained that the TCEQ did not require the District to provide an alternative source of water. He added that, although the fluoride levels had exceeded 4 mg/L in late 2016, which had required that the public be notified, the District should have followed up on the TCEQ form notice with more facts, which was the purpose of the FAQ. Mr. Bilger clarified that the District was not adding fluoride to the water and that fluoride occurred naturally in the ground water in the District's part of the County. He noted that many other water districts and communities in the area had the same issue and added that this could be confirmed on the TCEQ website as well as by personnel at the TCEQ. He noted that, in early 2016, the fluoride levels averaged 3.5 to 3.8 mg/L and this had been

pretty consistent since the District's inception. He added that one District well now had an increased fluoride level above 4.0 mg/L, which was the well located next to the elevated storage tank. Mr. Bilger noted that this well had been taken off line, but that, when another well went down about two weeks previously, this well had been temporarily put back on line and the water had been mixed with water from another well. He confirmed that this well was now back off line and added that there was no intention to put it back on line. Mr. Bilger stated that the District had joined with the Lone Star Regional Water Authority ("LSRWA") to construct a water line to deliver surface water to the District, noting that this water supply would have no fluoride and would enable the District to provide water with a much lower fluoride level. He also explained that the District was opening bids later in the meeting for a water well into the Trinity aquifer, which also had very low fluoride, and that this water could be mixed to reduce the overall fluoride level. Mr. Bilger stated that a third option, if fluoride continued to be an issue, was to bring in a reverse osmosis ("RO") water treatment plant and explained that the only reason a RO treatment plant had not been built was because of the amount of time required to install it and the cost to maintain it, adding that the feeling was that it would be more time-and cost-effective to drill the Trinity well. He concluded by stating that the District had both short and long term plans, as well as a third option if neither the short nor long term plan met the District's needs. He then stated that the Board would like to give those who signed up an opportunity to speak, noting that the meeting was a regular Board meeting, not a town hall meeting, and so the District did not have a specific item on the agenda and was required to follow the agenda fairly closely. He asked that everyone who wanted to speak to ensure they had signed up. Director Faske stated that each speaker would be allowed three minutes to address the Board.

Morgan Taylor then addressed the Board, stating that she was a Sonterra resident and homeowner since 2014. She thanked everyone present for being at the meeting as it was likely they were very aware of concerns over the inadequate water supply and non-potable water. Ms. Taylor acknowledged the Board for showing up and doing its job, but added that this did not excuse its responsibility to the community. Ms. Taylor stated that the Board had the power to schedule a special meeting and that she was personally asking that the Board to schedule one within the next seven to ten days and stated that the residents should not have to wait to hear back. Ms. Taylor stated that, earlier in the day, a Board member had used social media to comment and asked how many Board members were residents of the District who actually resided in the community and were personally affected by the contaminated water. When Ms. Taylor was told that her three minutes had passed, she stated that she would continue with her comments. Another resident gave up his time to speak to allow her to continue. Ms. Taylor then stated that the District had an obligation to the day care facilities, schools, and those with compromised immune systems. She alleged conflicts of interest and growth without the proper infrastructure to support it and asked how the Board could allow additional homes to be built without the ability to serve the existing homes. She stated that the Board had an obligation to them.

Romeo Ramon next addressed the Board. He stated that he owned Sliders and lived in the District and understood that the level had gone over 4.0 mg/L and that this had also occurred previously. He stated that he took this very seriously because he had children and a wife with symptoms of disease, but no insurance, and that he had begun his research earlier in the day and asserted that fluoride was a nerve toxin. He stated that Federal and State fluoride levels were set too high, and that a resource in Spain indicated it was toxic at one part per million. He asked why a process wasn't started before, if the District was aware of the issue earlier in the year. He stated that the Board needed to hold itself accountable as he could not afford to provide bottled water at his business and was closing down and that this had factored into the decision. Mr. Ramon asked the Board to find a resolution and to think outside the box.

James Williams then addressed the Board. He stated that he had been a resident of the District for about three years and that he had three children, two of which were under the age of nine. Mr. Williams stated that, while he appreciated that the Board was working on a resolution, there were still some concerns and questions based on his research and the concerns expressed by the community. He asked how many wells the District currently had and Mr. Bilger responded that the District currently had three wells. Mr. Bilger added that a new well had been tapped, but was not yet on line and that one was in process, which would give the District five wells in all. Mr. Williams then asked what it would take, besides the new wells, to get the fluoride level closer to 2 mg/L. Mr. Bilger stated that he was not aware of any options other than the installation of a RO treatment plant. Mr. Williams asked if the District had a certain fluoride level in mind as its goal and Mr. Bilger responded that the goal was to get the level below 2 mg/L, but there were no assurances. Mr. Williams then asked how many wells were required to serve the community with an adequate water supply but for the fluoride and asked, if the new well was insufficient, would the District seek out other alternatives. Mr. Bilger responded that the District had contracted for 5 million gallons per day of surface water from the LSRWA and that this was expected to be available in late 2018 or early 2019. Mr. Williams noted that there were 98 respondents with three children or more, and that they wanted to know how to start a conversation about water that the community could feel was safe. Mr. Bilger responded that that he believed this was what was happening at this meeting and that the Board wanted to start this conversation.

Robert Shine then addressed the Board, stating that he had noticed on Facebook that there were conversations about fluoride and there was a lot of fear. He added that he thought he was the first resident to do research on the issue and that he felt that this research should have come from the District first. Mr. Shine stated that his concern was that there was no way to get the fluoride level below 4 mg/L if the District combined water from all three wells. He asked that the residents be notified, by email or a letter, if the District was required to put Well 1 back on line. Mr. Shine stated that he looked forward to the surface supply coming on line since it would drop the fluoride level, noting that he would like to see the levels down to 1.2 mg/L or less.

Steven Barbee then addressed the Board and asked if there was a timeline for the surface water pipeline. Mr. Bilger responded that the project was underway and fully funded, and should break ground later in the year, but that it would likely be early 2019 before it was online. Mr. Barbee asked if the District had upgraded its water filter and Mr. Bilger responded that the District did not filter the water and there was not a way to filter out fluoride that he was aware of. Mr. Barbee asked if the District was going to provide potable water and Mr. Bilger responded that the District was providing potable water as defined by the State, and that there had not been any discussions regarding providing an alternative water supply. Mr. Bilger explained that the State had indicated that, if residents had a concern about the water, they could use bottled water. Mr. Barbee then asked about the secondary standard which was in consumer confidence report ("CCR") and discussed potential impacts of fluoride on teeth of children under the age of nine.

The next resident to address the Board was Jamie Hudder, who stated that he had two questions, one of which was why the residents were not notified of the prior violation. Mr. Abshire responded that the notice requirement applied to the District's running annual average, so the last four samples were the basis of the calculation. Mr. Abshire also noted that there had been language in the District's 2015 CCR and 2016 CCR about the secondary standard limits. Mr. Hudder asked why Well 1 was put back on line when it exceed the 4 mg/L which was a

hazard to their health and Mr. Bilger responded that it had only been put back on line for a short period when another well had experienced a mechanical failure.

Jeff Carter then addressed the Board and stated that, when the District was created in 2005, the projected build-out was 6,000 homes and the District currently had approximately 2,000 homes. He stated that, if the District knew of the problem, why no action was taken to be ahead of the game. He stated that some residents claimed that the violation notice wasn't received and that he wanted to know why a public relations firm wasn't hired before and why the attorney hadn't gotten involved weeks ago. Mr. Carter then asked why he could not water his grass in Stage 4, but LGI was taking water from hydrants and added that another resident had reported that the common area was being watered at 1:00 p.m. in the afternoon during Stage 4.

Judith Leanessio then address the Board, noting that she had been a resident of the District since 2008 and that she had found out about the fluoride levels from her son, who lived in Dallas. Ms. Leanessio recommended putting a filter system in the home of each resident already living in the District. She added that she had eight grandkids and pets. She stated that the District could put a water system in each home that would make the water safe to drink or give a fountain to each home, at the District's expense. Ms. Leanessio stated that she was overwhelmed and usually didn't read her bulk mail.

A resident then asked about putting in two or three RO systems so that the residents didn't have to go to Georgetown and pay 60 cents per gallon for water or at least providing a discount on the cost of the water. In response to a question from another resident, Mr. Abshire explained that the chlorine level was required to be at a minimum of 0.2 to 4 mg/L as a running annual average and that it was currently about 1.5 to 2.5 mg/L, and that these levels were checked seven days a week. A resident stated that he had never smelled water that had a strong chlorine level until he moved into the District. Another resident stated that the water had always been an issue for her because she could not stand the smell of the chlorine.

Carlos Hasburn then addressed the Board, noting that he had lived in the District since 2012 and that he had received an email about lead and copper testing and asked if this was another issue. Mr. Abshire explained that lead and copper tests were routine tests required of all water systems on an annual basis. Several residents stated that they were not receiving CCRs from the District.

There being no further residents wishing to address the Board, Director Faske stated that the Board would consider approving the minutes of the May 15, 2017 Board meeting. Upon motion by Director Chandos and second by Director McCloskey, the Board voted unanimously to approve the minutes.

Director Faske then stated that the Board would receive the manager's report and recognized Mr. Bilger. Mr. Bilger stated that he had nothing further to report.

Director Faske stated that the Board would next discuss District security and recognized Director Slowbe who recommended increasing the monthly patrol hours, noting that there had been a very positive response to the patrols and he was requesting additional patrols of parks and the pool, and, based on growth, felt the additional hours would help the community. He stated that some individuals were circumventing the patrol hours and that additional hours would give the police more flexibility. Director Slowbe then moved that the Board increase the monthly patrol hours to 80. Upon second by Director Faske, the motion was unanimously adopted. Director McCloskey then asked about the status of the signage, and Mr. Bilger responded that temporary signs were up five days a week.

Director Faske stated that the Board would next receive the operator's report and recognized Mr. Hendrix, who called the Board's attention to Crossroad's report, attached as **Exhibit "C"**. He advised the Board that the District concurrently had 1,379 occupied single-family connections. Mr. Hendrix noted that Crossroads had taken six water samples and that all of the samples were satisfactory. He reported that the District had experienced an 15.4% water loss for the prior reporting period, which he attributed to construction. Mr. Hendrix noted that he had sent five accounts to collection. He confirmed that Well 1 was off line. He then reviewed the well status, noting that Well 2 had gone down due to a mechanical malfunction which had required the pump and motor to be pulled and replaced, but that it was back in operation within six days. Director Slowbe pointed out that this repair had cost about \$27,000, which was under the approved emergency repair cost. Director Faske asked if the pump was a stock item and Mr. Hendrix stated that he understood it was. After discussion, Director McCloskey moved that the District at no time provide water with more than 4 mg/L of fluoride, even if it was required to implement a higher drought management stage to do so. Director Slowbe seconded the motion. Director Slowbe then inquired what the feasibility was of doing this if, for example, the District only had one operable well. Director McCloskey stated that he had been unaware that Well 1 had been brought back on line and that he didn't think this should ever occur without the Board being informed. Director Thornton expressed concern that this proposal could affect the District's ability to meet pressure requirements for fire safety. Mr. Abshire pointed out that the new elevated storage tank provided three days of storage. The Board generally agreed that the concern was the fluoride level of 4.0 mg/L, and not just Well 1. Director McCloskey stated that the District needed to have a system of notice and that the Board should be notified immediately. Director Slowbe stated that he wanted to know what the procedure was to have backup equipment available and what the ramifications were. Mr. Hendrix responded that specialized equipment was required to pull the pump from the well due to the depth and so it was not just a matter of having an additional pump. He stated that he had contacted three bidders, and only one, HydroResources, was able to respond in less than 24 hours. Director McCloskey then amended his motion to add that Well 1 could not be brought back online without the approval of the Board, even if it required an emergency meeting. Director Slowbe agreed. Mr. Bilger stated that the fluoride levels in the other two wells had been very consistent and he felt not bringing Well 1 back on was probably reasonable. Director Thornton inquired how much time the elevated storage tank allowed for a repair and Mr. Abshire responded that it was a moving target and when it was dry and hot, the three-day window would become shorter. Director Thornton pointed out that low water pressure brought other health issues and fire safety issues into play. Mr. Bilger suggested that quicker response time would be provided through the Board's appointment of a subcommittee. Director McCloskey and Director Slowbe agreed to serve as the subcommittee and Director Faske requested that they amend the motion accordingly. Director McCloskey then restated his motion, as follows: that the District not provide water with fluoride over 4 mg/L, even if it was required to move to a higher drought management stage, unless doing so was approved by a subcommittee consisting of Director Slowbe and himself, upon referral by the District's general manager and operator. Director Thornton inquired if this would take into account his concerns, and Mr. Bilger stated that it would. After discussion, upon second by Director Slowbe, the Board voted unanimously to adopted the amended motion.

Director McCloskey then moved that the watering of common areas be subject to the same restrictions that were applied to residents. Director Faske seconded the motion. Director Chandos inquired who controlled watering of the common areas. After discussion, the Board agreed that both the general manager and the landscape contractor would be responsible for implementation of this requirement. Director Faske directed that a written protocol be developed. After further discussion, the motion was unanimously adopted.

Director McCloskey then moved that the District provide a consistent means of notifying the residents of important issues, whether by email or otherwise. Director Chandos seconded the motion. Director McCloskey stated that the Board should direct the general manager to develop a consistent system. Director Slowbe asked how effective the telephone notification was and Mr. Hendrix responded that, when the District went into Stage 4, an email blast was sent and a robocall was placed, which was based on utility account information. Director Slowbe inquired if the customer account contact information was updated periodically and Mr. Hendrix responded that it was not. Director McCloskey suggested a directive to the general manager to develop a system for this type of notification. The Board concurred that first class mail, not bulk mail, should be used for these notices, with the goal of achieving a consistent form of notification to all residents. A resident suggested asking Jarrell ISD what system it used. After further discussion, the motion was unanimously adopted.

A resident then stated that she was concerned about the lack of flushing of the line that served her house and Mr. Hendrix responded that he would get her address and investigate.

Mr. Hendrix then called the Board's attention to the proposal for water system controls and monitoring software attached as **Exhibit "D"**, which he explained would allow remote monitoring and provide the ability to turn valves on or off remotely. Director Faske inquired about security levels and additional costs and Mr. Hendrix reviewed the security system and acknowledged that there would be some additional costs. Director Slowbe inquired if there were monthly subscription costs and Mr. Hendrix responded that there would be minor equipment required, including a router and modem. Mr. Hendrix stated that there would be security similar to getting into a bank. Director McCloskey stated that it would be good to provide for remote access. Director Faske moved approval, with authorization of additional expenditures for the tie-in and a router and modem, not to exceed \$3,500 total. Upon second by Director Slowbe, the motion was unanimously adopted.

Mr. Hendrix then stated that the District's consultants were continuing to work on water restrictions under the Drought Contingency Plan. Ms. Littlefield stated that the District need to implement the restrictions on builders if violations were occurring as had been indicated by the residents. Director McCloskey asked that residents report any incidents and recommended that something be added to the District's website that stated that, if residents observed a violation, to make a report to admin@sonterramud.com. A resident inquired about posting the stage of drought management in effect and Mr. Bilger stated that this had been done in response to confusion the prior year. A resident that said, on Facebook, he had seen a photograph of LGI violating the drought restrictions. Director Slowbe stated that he also had received this information and would share it with the District's manager.

Mr. Hendrix then reported that Crossroads had been notified that a customer meter was over-registering and had subsequently determined that there were eleven defective meters, all of which had now been removed and replaced. He stated that the manufacturer of the defective meters, RG3 Meter Company ("*RG3*"), had agreed to replace them, but Crossroads had determined not to utilize this brand of meters in the future. Mr. Hendrix confirmed that the affected residents had been notified and would receive a credit, but noted that this also required going back to the builders. Ms. Littlefield requested a summary of costs and stated that, once these were confirmed, Crossroads should demand reimbursement and, unless RG3 paid, the District would pursue legal action. The Board directed that Mr. Hendrix do a spot check of all RG3 meters in the District and bring back a report to the Board. In response to a question from the Board, Mr. Hendrix stated that this brand of meter had begun to be used in mid-2016. Mr. Abshire explained that the cause of the over-registering was a manufacturing error with a one-inch register being installed on a 5/8-inch meter box. Director Slowbe asked if this information

could be provided to the residents to allow them to check their own meters. Mr. Abshire stated that Crossroads had already done most of this work and that there were only about 10% of the installed RG3 meters that still needed to be checked.

Director Faske then stated that the Board would receive the bookkeeper's report and recognized Ms. Kirkley. Ms. Kirkley presented the check register attached as **Exhibit "E"**; the supplemental check register attached as **Exhibit "F"**; and the capital projects fund check register attached as **Exhibit "G"**. She also called the Board's attention to the wire authorization for the LSRWA bond payment. Ms. Kirkley recommended that all of the payments be approved as presented. Upon motion by Director McCloskey and second by Director Chandos, the Board voted unanimously to approve the bookkeeper's report, including the payments as presented.

Director Faske then stated that the Board would receive the engineer's report and recognized Mr. Jones. Mr. Jones presented the recommendation of award for the Trinity well attached as **Exhibit "H"** and then reviewed his report, attached as **Exhibit "I"**. He stated that LSRWA rate study was underway, which would be helpful to the District's rate consultant.

Mr. Jones stated that he was still holding \$20,000 of proceeds from the 2016 bonds on account of erosion sedimentation controls. He stated that he had completed the engineering report for Bond Application No. 7 and requested approval of 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 the Trinity well construction as well as engineering for the project. After discussion, upon motion by Director Chandos and second by Director Slowbe, the Board voted unanimously to approve the Resolution, as presented. Ms. Littlefield then called the Board's attention to the Resolution Expressing Official Intent to Reimburse Certain Costs attached as **Exhibit "K"**, and Mr. Jones explained that this would allow funding of some of the Trinity well costs out of the general fund to be reimbursed out of the bond proceeds. Upon motion by Director Chandos and second by Director Slowbe, the Board voted unanimously to approve the Resolution.

Mr. Jones then stated that he had worked on the utility plan for the 130 acre tract that was being purchased by TR(2) Management, LLC ("**TR(2)**") and reviewed and provided comments on the proposed reimbursement contract. Ms. Littlefield then called the Board's attention to the draft Development, Utility Construction and Reimbursement with TR(2) attached as **Exhibit "L"**. She noted that the proposed contract required TR(2) to contribute 30% of the cost of developer project infrastructure and did not include impact fees as reimbursable costs, due to limitations on the District's bond capacity as previously discussed. She also confirmed that actual service would be subject to service becoming available, including a contract amendment with the City of Jarrell. She added that she had distributed a draft of the contract to TR(2)'s representatives but had not received any comments, and so recommended its approval, which would be effective upon TR(2)'s closing of its purchase. After discussion, Director Slowbe moved approval and Director Chandos seconded the motion. Director McCloskey stated that he was uncomfortable being asked to approve a document that had already been sent out and asked that, from now on, drafts be presented before a document was set out for comment. Upon being put to a vote, the motion was adopted, with Directors Chandos, Thorton and Slowbe voting "aye", Director Faske abstaining from the discussion and vote, and Director McCloskey abstaining from the vote.

Mr. Jones then reported that the elevated storage tank had been put into service on June 7th and presented Change Order No. 6, attached as **Exhibit "M"**, for the addition of the logo and the deduction for liquidated damages. He stated that he had no desire to back off of the

liquidated damages and felt the lateness of the project had caused the Stage 4 and that the contract timing had been designed to put the project on line during peak summer demand.

Mr. Jones then reviewed the bid from HydroResources for the Trinity well, attached as **Exhibit “N”**, noting that additional bidders had not submitted a bid due to the very tight construction timeframes. He stated that he was comfortable with this contractor and recommended approval of the contract award. He pointed out that this was a unit cost contract and that there was an alternate item included. He explained the testing that would be done at each depth, and that the estimated quantity of water was 400 to 1,000 gpm, noting that Trinity water was high in total dissolved solids and that the goal was to get enough water to blend with the existing water supply to reduce the fluoride levels. After discussion, Director McCloskey moved approval of the award of the contract. Director Thornton seconded the motion. Mr. Jones also asked for authorization to execute the contract, noting that, with this approval, he could give notice to proceed by mid-July. He explained that, after confirming that the Trinity water was good, the next step would be to obtain TCEQ approval of the well and extend the pipeline from the well to the water storage tank. The Board agreed that it would like to know the cost to the District if the water was not good. The Board agreed to defer action on the motion until Mr. Jones could make this calculation.

Mr. Jones then requested approval of Pay Estimates No. 2 and 3 in the amounts of \$13,230.00 and \$8,392.50, for the lift station, attached as **Exhibits “O” and “P”**. Upon motion by Director Slowbe and second by Director Faske, the Board voted unanimously to approve the Pay Estimates.

Mr. Jones stated that he had confirmed that the punch list was complete for Sonterra West 8K and presented Pay Estimates No. 6 and 7 and final for release of retainage, attached as **Exhibits “Q” and “R”**. Upon motion by Director Thornton and second by Director Faske, the Board voted unanimously to approve the Pay Estimates. Mr. Jones then recommend acceptance of the project for operation and maintenance. Upon motion by Director McCloskey and second by Director Slowbe, the Board voted unanimously to accept the project for operation and maintenance.

Mr. Jones then presented Pay Estimates No. 1, 2 and 3, attached as **Exhibits “S”, “T” and “U”**, respectively, for Sonterra Sections 8L and 7, Phase 4, and recommended approval. He noted that this project was about 68% complete. Upon motion by Director Chandos and second by Faske, the Board voted unanimously to approve the Pay Estimates.

Mr. Jones then presented the bid tabulation for Sonterra West Section 8M, attached as **Exhibit “V”**, and recommended approval of the award of the contract to JKB Construction Company, LLC, the low bidder. Upon motion by Director Faske and second by Director Chandos, the Board voted unanimously to approve the award of the contract, as recommended.

Mr. Jones noted that he had no update on the Sonterra Apartments. He reported that he had just held the preconstruction meeting on the Golden Chick and that everything was moving along just fine on this project.

Director Faske stated that the Board would next receive the attorney’s report and recognized Ms. Littlefield. Ms. Littlefield reported that her directives had been completed. She then advised the Board that Cool Water Partners, L.P. had submitted the request for out of district service attached as **Exhibit “W”**. She noted that the District had surplus water that would be available from LSRWA once the pipeline was complete and the Board had already authorized requesting additional wastewater capacity from Jarrell, but explained that providing

this service would require an amendment to the District's wholesale wastewater contract. Ms. Littlefield recommended that the Board agree to investigate the feasibility of providing out-of-District service, if capacity was available, subject to the applicant's providing a deposit against costs in the amount of \$5,000. Upon motion by Director Faske and second by Director Thornton, the Board voted unanimously to appoint Directors Slowbe and Chandos as a subcommittee to work on this project subject to receipt of a \$5,000 deposit to offset costs.

Ms. Littlefield then presented the Resolution Adopting Standards for Recreational Facilities and Making Certain Findings Related Thereto attached as Exhibit "X", noting that this Resolution would be required in the event the District bonded recreational facilities in the future. Upon motion by Director Faske and second by Director Thornton, the Board voted unanimously to approve the Resolution.

Ms. Littlefield then presented the District's preliminary estimate of 2017 taxable value and the proposed schedule for adopting the District's 2017-2018 budget and 2017 tax rate and reviewed them with the Board. After discussion, the Board agreed to hold a budget work session on July 31st at 6:00 p.m.

Mr. Jones then reviewed the potential costs to get the Trinity well to the point of testing, noting that the total would be approximately \$300,000. Mr. Bilger stated that he had researched hydrology on the Trinity Aquifer and felt fairly confident the test would confirm adequate water and Mr. Bilger stated that this would be an interim supply until the LSRWA water was received. Director Faske noted that this could also be blended with the more expensive surface water supply to reduce costs to the residents. After further discussion and confirmation of the motion on the floor, the Board voted unanimously to approve the contract award, to authorize negotiation and execution of the contract and to authorize issuance of the notice to proceed.

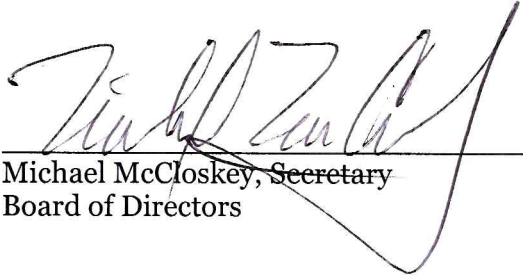
Director Slowbe then thanked the residents present for coming to the meeting, and stated that he had heard what the residents said. He noted that he lived and worked in Sonterra and intended to do better at communicating. Director McCloskey stated that he had closed on his home in January 2016 and ran for a position on the Board because he felt the residents who lived in the community needed representation. He added that water service was very technical and he was not an engineer, but he was a resident who drank and used the water just like everyone else. He added that he felt it was important to listen to the neighbors and that he intended to do right by everyone in the District, as did the entire Board. Director McCloskey stated that the District's goal was to provide the best quality of water. He added that he had seen something on KVUE in which someone had shown a sample and said the water had contaminants in it, but the reality was that fluoride was so small it could not be filtered out. Director McCloskey added that the District was dealing with a natural substance and was trying to remove or dilute it and would continue to work towards this, noting that all of the choices were expensive, but the District was doing the best that it could to provide the best quality of water that it could. A resident stated that she had moved from Austin and asked, if the District was already having problems with water, was this going to be a major concern to address before further growth and stated that they felt there had been more focus on growth than on the water issue. Another resident stated that she was concerned with all the people moving into the District. Director Thornton stated that the District had actually gotten out in front of the water supply issue and had identified and obtained the LSRWA supply several years previously and also planned for the additional well, but that it simply could not have anticipated that fluoride levels would become so high. Mr. Bilger stated that he felt the District was strongly positioned and explained that the District had been a leader in the formation of LSRWA starting back in 2008. Mr. Bilger explained that the 24-inch pipeline to deliver the LSRWA water was a \$27

Million project funded by the Texas Water Development Board (“TWDB”) and the District and LSRWA were among the first applicants to get funding from the TWDB for this type of project. Mr. Bilger stated that he did not intend to be tone-deaf to the people who lived in Sonterra and that he had learned the lesson about being a better communicator, no matter how hard the District was working and how progressive it was being.

A resident asked about posting the agenda on the District’s website and Ms. Littlefield agreed to look into this. Mr. Bilger agreed that sharing more information on the website would improve communications.

There being no further business to come before the Board, the meeting was adjourned at 9:06 p.m.





Michael McCloskey, Secretary
Board of Directors

Date: July 17, 2017