

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

July 18, 2016

THE STATE OF TEXAS           §  
  §  
COUNTY OF WILLIAMSON       §

A meeting of the Board of Directors of Sonterra Municipal Utility District was held on July 18, 2016, 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"**.

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

John Faske	President
David Chandos	Vice President
Tom Slowbe	Assistant Secretary
Dale Thornton	Treasurer

Director Michael McCloskey was absent. Also present at the meeting were Keli Kirkley of Municipal Accounts & Consulting, L.P.; Dennis Hendrix of Crossroads Utility Services ("Crossroads"); Travis Clark of Jones-Heroy & Associates ("Jones-Heroy"); Andy Bilger of Vecendario Management, LLC; 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, Director Faske inquired if there were any citizens communications or Board member announcements. There being none, Director Faske stated that the Board would consider approving the minutes of the June 20, 2016 Board meeting. Upon motion by Director Slowbe and second by Director Chandos, the Board voted unanimously to approve the minutes. The Board requested that Ms. Littlefield obtain a poster for the meeting room with the Texas Pledge of Allegiance on it and she agreed to do so.

Director Faske then stated that the Board would receive the bookkeeper's report and recognized Ms. Kirkley. Ms. Kirkley presented the operating report and called the Board's attention to the check register included in the report, attached as **Exhibit "B"**, noting that the per diem to Director McCloskey would be voided due to his absence. She also called the Board's attention to the supplemental check register attached as **Exhibit "C"** and recommended that all of the payments be approved as presented. Ms. Kirkley also reviewed the check register for the District's Capital Projects Funds, attached as **Exhibit "D"**, and noted that one payment had been made from the fund to Pape Dawson. She reported that the District was 99% collected on its taxes. Upon motion by Director Chandos and second by Director Faske, the Board voted unanimously to approve the payments as presented.

Director Faske stated that the Board would next receive the manager's report and recognized Mr. Bilger. Mr. Bilger advised the Board that the issues with the contractor for Section 7 had finally been resolved and that about 125 lots had been delivered in the last 30 days. He stated that the fireworks display put on by the homeowners' association ("HOA") and supported by the District had been a big success. He also reported that Armbrust & Brown, PLLC was going through the District's paperwork and had identified some things that appeared to have been missed, including a payment to the City of Jarrell, in process of cleaning things up.

He stated that he had asked Ms. Kirkley to determine if the payment had been made and, if it had not, it would be presented for approval at the next meeting. Mr. Bilger stated that the bid opening for Section 8K would be held sometime in the next week.

Director Slowbe asked what the bid price for the new sidewalk had been and Mr. Bilger responded that it was \$3.25 per foot. He added that the park was about complete and was starting to look very nice. Mr. Bilger stated that he was pleased with the quality of the flatwork being done by the concrete contractor and noted that this contractor was \$2.00 per square foot cheaper than anyone else that had bid on the work.

Director Faske then stated that the Board would receive the engineer's report and recognized Mr. Clark. Mr. Clark reviewed Jones-Heroy's report, attached as **Exhibit "E"**, and briefly reviewed the general services items, noting that Jones-Heroy was in the process of addressing comments on the GIS maps that had been received from Crossroads. He also reported that the District's bond application had been submitted on June 30<sup>th</sup>, and noted that all of the projects included in the application were incomplete and so he anticipated that the Texas Commission on Environmental Quality ("**TCEQ**") would require the escrow of the funds until the District had received all of the close-out documents. Mr. Clark stated that construction of the water plant was expected to begin in August and that the preconstruction meeting would be held on Thursday at 2:00 p.m. Mr. Clark then presented Pay Estimate No. 7 in the amount of \$178,687.44, attached as **Exhibit "F"**, for Sonterra West Section 10A and recommended approval. He also presented Pay Estimate No. 11 (Final) in the amount of \$85,476, attached as **Exhibit "G"**, for Sonterra West Section 8J, Phases 1-3, and recommended approval. He stated that he had received the necessary close-out documents for this section and recommended that the District accept it for operation and maintenance. Director Faske asked if revegetation had been completed and Mr. Clark confirmed that it had. He then presented Pay Estimate No. 5 in the amount of \$98,467.16, attached as **Exhibit "H"**, for Sonterra West Section 8J, Phase 4, and Section 7A, Phase 2B, and recommended approval. Mr. Clark reported that Sonterra West, Section 8K was in the bidding process and that Ms. Littlefield and Mr. Jones were coordinating on the easement needed for the Sonterra Apartments. After discussion, upon motion by Director Faske and second by Director Chandos, the Board voted unanimously to approve the Pay Estimates and acceptance of Section 8J, Phases 1-3, as recommended.

Director Faske then stated that the Board would receive the operator's report and recognized Mr. Hendrix. Mr. Hendrix presented his report, attached as **Exhibit "I"**, and reviewed it with the Board. He reported that a resident had filed a complaint with the TCEQ regarding a "rotten egg smell" in the water, and explained that a well had been off-line for a longer period of time than expected and that the chemical feed pump had lost prime, which had caused the odor problem. He stated that he had touched base with the TCEQ and responded to the complaint. Mr. Hendrix added that, once the elevated storage tank project was completed, this would no longer be a problem. Mr. Hendrix then recommended that the Board delete the summer/winter rate differential by getting rid of the winter rate and keeping the summer rate. He stated that the Board could re-evaluate rates when the Lake Granger water source became the District's primary source of water. Mr. Bilger stated that the District's rates would certainly increase once the new water source was finalized and recommended that the District retain a rate consultant once this occurred to make sure all projects were evaluated and that sufficient rate revenues were available to cover the District's increased cost of water. The Board reviewed the rate tiers and Director Chandos inquired how many customers were in each tier. Mr. Hendrix responded that about 20% of the District's customers used 2,000 gallons or less; about 600 customers used between 2,001 and 6,000 gallons and only 16 customers were using 15,000 gallons or more. He added that more efficient fixtures, including low flow toilets and high



pressure faucets, decreased water demand. Upon motion by Director Faske and second by Director Slowbe, the Board voted unanimously to eliminate the winter rates and approve the revised rate order attached as **Exhibit "J"**. Ms. Littlefield stated that she had some additional clean-up revisions she proposed to make to the rate order and that she and Mr. Hendrix would be working on these and would bring a recommendation back to the Board at a future meeting. Mr. Hendrix then pointed out that the District currently had 1,171 occupied single-family residences and total of 1,494 connections, as well as an estimated population of 3,800. He stated that the District had experienced a 0.93% water loss for the month of May. He noted that the District's water wells were doing great. Mr. Hendrix then stated that he had seven accounts going to collection and three write-offs, attached as **Exhibit "K"**. He reported that the generator plugs were being installed. Director Faske asked if the generator would be physically connected to be sure the plugs worked correctly and Mr. Hendrix stated that this would be done. He stated that he expected the project to be completed by the next Board meeting

Director Faske stated that the Board would next receive the attorney's report and recognized Ms. Littlefield. Ms. Littlefield reviewed her directives and recommended that the Board establish a policy regarding having an invocation at each Board meeting, in order to assure there was no inadvertent constitutional violation. The Board requested that Ms. Littlefield place an item on the August regular meeting agenda to allow the Board to discuss a policy. Ms. Littlefield stated that, as mentioned by Mr. Clark, she was working on documents required for the conveyance of an easement and wastewater line from the apartment owner to the District. Ms. Littlefield stated that her other directives had been completed. Ms. Littlefield then reported that it appeared that the 2014 Agreements for Payment in Lieu of Taxes had not been finalized and that she believed there were approximately 60 parcels but only three or four agreements in place. She stated that she and Mr. Bilger would work to obtain the missing agreements and to obtain memoranda of the agreements that could be recorded in the property records. Ms. Littlefield presented the Agreement for Payment in Lieu of Taxes for two tracts, R467785 and R467786, owned by RVest, L.P., attached as **Exhibit "L"** and requested approval. Upon motion by Director Faske and second by Director Slowbe, the Board voted unanimously to approve the Agreement.

Ms. Littlefield then advised the Board that Williamson County's per parcel fee for tax collection services would be \$0.25 per parcel for the next year, which was an increase of \$0.01 from the current year. She reviewed the proposed schedule for adoption of the 2016-2017 budget and 2016 tax rate and requested that the Board members confirm their availability to attend the August and September meetings, noting that it was important that a quorum be present due to the time-sensitive actions that needed to be taken at those meetings.

Director Slowbe then reported that, in connection with the security patrol item on the agenda under Mr. Bilger's report, he had met with the City of Jarrell regarding the problem with trucks parking in the streets and related public safety issues, noting that the "no parking" signs in the District were not effective because there was no enforcement. Director Slowbe stated that he understood that the cost for the County to provide patrol services was a minimum of \$45 per hour. Ms. Kirkley confirmed that there was some variation in the pricing and also explained that there could be significant additional bookkeeping work if the deputies were required to be treated like employees for payroll purposes. Director Slowbe stated that he had discussed the District's needs with the City and that the City was willing to provide patrols for \$38 an hour and was very flexible. He noted that the City just needed to get with its attorney and that the City would be willing to write the tickets. Director Chandos stated that he would like to try this on a trial basis to see if it controlled the problem. Director Slowbe stated that the District might ultimately want an agreement that had a broader scope, but that this would be the initial step,

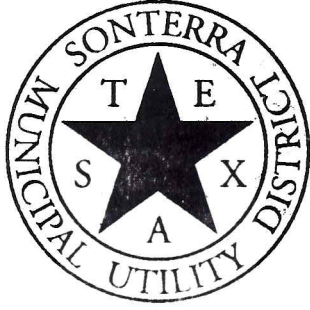
and was his priority. Mr. Bilger stated that the problem went beyond parking, noting that there were drugs and prostitution problems which caused this to be a much bigger issue than trucks blocking the street behind the truck stop. Mr. Bilger stated that Director Slowbe had gotten the County Commissioners to adopt the resolution that was necessary to allow the sheriff's deputies to write tickets, but there had been no follow-through. Mr. Bilger also stated that the City had done a great job with community policing during activities such as the fireworks and that he agreed that this would be a good test run. Director Faske suggested allocating a specific dollar amount to patrols. Director Slowbe stated that he wanted to be able to have variable times, so the truckers would not know when deputies were on duty. Director Chandos suggested budgeting \$3,400 for the initial effort, noting that this would allow up to 80 hours of patrols over the next month and that a report could be provided at the next regular Board meeting. Ms. Littlefield agreed to get a draft interlocal agreement for the patrol services out to Director Slowbe as soon as possible. Director Faske then moved that the Board authorize negotiating and executing an interlocal agreement with the City of Jarrell providing for up to 80 hours of patrol services over the next month, with a cap on the District's expenditure of \$3,400, and with Director Slowbe being authorized to finalize the agreement and to determine the hours within which patrol services were provided. Upon second by Director Chandos, the motion was unanimously adopted.

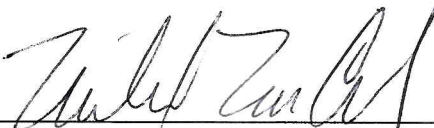
Ms. Littlefield pointed out that there was also an agenda item to discuss park rules and park security. Mr. Bilger stated that he believed relocating the basketball goals had resolved the issue of the resident with the problem he had discussed at the last Board meeting. The Board discussed whether implementing a park curfew was desirable. After discussion, the Board directed Mr. Bilger to determine how many signs would be needed to post notice of a curfew and what the cost of the signs would be.

The Board then discussed holding a special budget work session and agreed to post a special meeting to discuss the budget for August 2<sup>nd</sup> at 5:30 p.m., at the District office.

There being no further business to come before the Board, upon motion by Director Slowbe and second by Director Faske, the Board voted unanimously to adjourn the meeting.

(SEAL)



  
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Michael McCloskey, Secretary  
Board of Directors

Date: August 15, 2016