

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

September 25, 2017

THE STATE OF TEXAS           §  
  §  
COUNTY OF WILLIAMSON       §

A meeting of the Board of Directors of Sonterra Municipal Utility District was held on September 25, 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; Dennis Hendrix of Crossroads Utility Services ("Crossroads"); Taylor Kolmodin of Municipal Accounts and Consulting ("MAC"); Ken Heroy of Jones Heroy & Associates; Garry Kimball of Specialized Public Finance; Daryl Goldman of DMG Construction; Robbin Ervin, a resident of the District; 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 by Director McCloskey, Director Faske stated that the Board would receive Director remarks and citizens communications. He asked Ms. Ervin if she wished to speak and she stated that she did, but was looking for a pen to fill out the communications form. Director Faske agreed to recognize her when she was ready.

Director Faske then stated that the Board would discuss the District's \$6,500,000 Unlimited Tax and Revenue Bonds, Series 2017 (the "Bonds"). Mr. Kimball addressed the Board and explained that he was requesting that the Board approve the Preliminary Official Statement ("POS") for the Bonds, noting that a draft was included in the meeting packet and that this would serve as the offering document for the Bonds. He added that he had been told that the Texas Commission on Environmental Quality ("TCEQ") should issue its order approving the Bonds later in the week and that he was proposing to take bids at the District's regular October meeting, present the reimbursement audit for approval at the Board's November meeting, and close the sale on November 30. Mr. Kimball noted that he anticipated there would be additional comments on the POS and requested approval, subject to any changes by the working group. He added that he anticipated a favorable interest rate, as the District had a bond rating and would likely qualify for insurance. He asked that the Board approve the POS and the Resolution Approving Preliminary Official Statement; Authorizing Distribution of Preliminary Official Statement and Publication of a Notice of Sale of Bonds; and Approving Other Related Matters, attached as **Exhibit "B"**. Mr. Kimball also requested approval of the payment of the Attorney General bond review fee. Upon motion by Director Chandos and second by Director Slowbe, the Board voted unanimously to approve the Resolution, with any final changes to the POS; to approve the payment of the Attorney General bond review fee; and to authorize advertising for

the sale of the Bonds. Mr. Kimball reminded the Board that, as the POS was still in preliminary form, he requested that any comments be relayed to Ms. Littlefield.

Director Faske then recognized Ms. Ervin, who thanked Mr. Goldman for replying to her emails so promptly. She stated that she had been a resident for about 18 months and had two issues, one being a request for a street light at CR 332 and Cleary Lane, and the second being a request for the installation of pet waste stations at the mail boxes, because some neighbors were not picking up after their pets. Director Slowbe asked for clarification on the street light request and asked if she was requesting that a street light be installed at that location. Ms. Ervin confirmed that she was. Mr. Bilger agreed to look into this, noting that the issue was whether there was electric near the intersection. The Board also asked Mr. Bilger for a recommendation on the requested pet waste stations, noting that the mailbox kiosks were not on District property.

Director Faske stated that the Board would next consider approving the minutes of the August 28, 2017 and September 11, 2017 Board meetings. Upon motion by Director Slowbe and second by Director McCloskey, the Board voted unanimously to approve the minutes.

Director Faske then called the Board's attention to the Secretary's Certificate and Resolutions Regarding Bookkeeper's Account attached as **Exhibit "C"**. Ms. Littlefield reminded the Board that, due to the change in the Board's regular meeting date, it had agreed to set up a bookkeeper's account to allow utility bills that would incur a late fee if not paid timely to be paid between meetings. Upon motion by Director Faske and second by Director Chandos, the Board voted unanimously to approve the Resolution, with an account limit of \$5,000.

Director Faske then stated that the Board would discuss the proposed sublease to The Community Library of Northern Williamson County. Director Slowbe stated that he was waiting for the Library to respond to the proposal.

Director Faske stated that the Board would next discuss District park and recreational facilities and improvements. Mr. Bilger reminded the Board that it had previously discussed appointing a Park Subcommittee and noted that there were some residents interested in becoming active on the subcommittee. The Board then discussed subcommittee size and agreed that the optimum number would be five and stated that it would be a good idea to publicize the formation of the subcommittee on the District's website. Director Slowbe stated that he was concerned about loose dogs in the community and requested guidance. Mr. Bilger stated that Williamson County Animal Control could be helpful in these situations. The Board concurred that rules for the Subcommittee should be developed by Ms. Littlefield and Mr. Bilger, and that the rules should make it clear that the Subcommittee would serve at the pleasure of the Board and would have limited authority and that its role would be to provide guidance to the Board on matters with respect to which its input was requested.

Ms. Littlefield then presented the License Agreement with Williamson County for a sidewalk on Sonterra Boulevard, attached as **Exhibit "D"**, and reviewed it with the Board. The Board agreed that Mr. Bilger should finalize the exhibit to the proposed License Agreement and run it by the County before the Board took action.

Director Faske then stated that the Board would receive the manager's report and recognized Mr. Bilger. Mr. Bilger reviewed his directives and stated that Mr. Heroy would address Lone Star Regional Water Authority (the "LSRWA") issues under the engineer's report. Mr. Slowbe reported that there had been 86 truck vehicle interactions by the Jarrell Police Department, with 21 citations issued, and nine recorded park security checks that were noted as "without incident". He stated that he was disappointed with the small percentage of citations, even though there had been a reduction in the presence of trucks in the neighborhood. He



noted that the Police Department did have a small staff. Director Chandos stated that some of the truckers were now using the strip center parking lot.

Mr. Bilger reported that the District's website upgrade was in process and noted that he had negotiated a reduced fee for ongoing website hosting services.

Mr. Bilger then reported that he and Mr. Jones were working on a renewal of the Reciprocal Emergency Interconnect Agreement with Jarrell-Schwertner Water Supply Corporation (the "WSC"), noting that the current agreement expired in November 2017, as well as working to address some additional needs the WSC had identified. He stated that he had proposed putting an Interlocal Cooperation Agreement in place to provide a basis for cooperation on items of mutual concern, including easement sharing and Certificate and Convenience and Necessary issues, as well as the interconnect. Mr. Bilger stated that the installation of the reverse osmosis system was almost complete and should have electricity later in the week. He noted that Crossroads had taken on the installation and was doing a tremendous job. He also stated that the District would use the email system to notify residents who had signed up for those notices once the reverse osmosis system was put on line. He added that there were four security cameras in place, as he was a little worried about the potential for vandalism. Director Slowbe agreed to notify the police to add this area to their security checks.

Mr. Bilger then reported that the fluoride levels had generally been below 4.0 and that most were under 3.0. He stated that the levels out in the system were fairly consistent, except for one outlier, so it looked pretty much static. Director Chandos inquired about the status of the Trinity Well and Mr. Bilger responded that the well was almost done, but fluoride levels were higher than they wished at around 3.5%, so adding this well alone would not lower the fluoride levels as much as had been hoped, but levels should remain under 4.0. He stated that he was also looking at a smaller scale reverse osmosis unit to add to the system in order to assist in reducing overall fluoride levels. He stated that he felt the District was making good progress and was providing a good water supply until surface water was available.

Director Faske stated that the Board would next receive the operator's report and recognized Mr. Hendrix. Mr. Hendrix presented Crossroads' report, attached as **Exhibit "E"**, and noted that the District had 1,445 occupied single-family connections, a total of 1,672 accounts, and an estimated population of 6,801 as of the end of August. Mr. Hendrix reported that the District had experienced a water loss of 6.65% during the prior reporting period, which was down from the prior month. He noted that all water samples were good and that there had been four accounts sent to collections totaling \$423.71. He then presented the proposal from Heart of Texas Inspection Services, Inc., attached as **Exhibit "F"**, for inspection of the District's ground storage tank and noted that he recommended taking the pressure tank off line for the inspection. He requested approval of the proposal. Director Chandos inquired why the water loss had decreased so dramatically and Mr. Bilger responded that he felt a lot of the water loss was caused by construction. The Board then discussed builder's use of "cheaters" that would allow water use before a meter was set and the potential, under the District's rules, for a fine based on an illegal connection. The Board agreed that Crossroads needed to be more aggressive about looking for illegal connections and Mr. Hendrix and Mr. Goldman agreed to monitor for unmetered illegal connections. Director Faske inquired why the inspection of the ground storage tank was recommended and Mr. Bilger responded that there hasn't been an inspection since it was placed online in 2005. Mr. Heroy recommended approval of the proposal. After discussion, upon motion by Director Chandos and second by Director Slowbe, the Board voted unanimously to approve the proposal.

Director Faske then stated that the Board would receive the bookkeeper's report and recognized Ms. Kolmodin. Ms. Kolmodin called the Board's attention to her report, attached as **Exhibit "G"**, and the supplemental check register attached as **Exhibit "H"**, noting that the



additional invoices included pay estimates that would be reviewed by Mr. Heroy under his report and some additional operating checks. She recommended that all of the payments be approved as presented. Upon motion by Director Faske and second by Director McCloskey, 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. Heroy. Mr. Heroy reported that the LSRWA transmission project was still in the easement acquisition stage and that he expected the LSRWA to condemn about 15 parcels. He stated that the LSRWA was now looking at December or January to open bids, which further delayed the project for two more summers. Mr. Heroy then called the Board's attention to his firm's report, attached as **Exhibit "I"**. Mr. Heroy explained that there had been a proposal to make a connection to the City of Jarrell to provide an earlier supply of short term, lower fluoride water. He stated that the piece of the line necessary to provide this connection was a part of the LSRWA project and that he was looking at financing options, as this was included in a contingency budget. He stated that alternative financing would be more expensive than the Texas Water Development Fund financing. Director Chandos inquired about the projected cost and Mr. Heroy responded that it would be between \$1.5 to \$2 Million. Director McCloskey stated that it was important that this connection be made to enable the District to lower the fluoride levels in the short term, and reminded the Board that Congressman Carter's office had offered to provide any necessary assistance.

Mr. Heroy then stated that the LSRWA had decided to hire Crossroads as its operator and that the LSRWA was looking at plans and helping determine projected operating costs that would factor into a rate analysis in the long term.

Mr. Heroy stated that he expected to bid Phase 3 of the elevated storage tank project the following month. He then presented Pay Estimate No. 8 in the amount of \$4,950, attached as **Exhibit "J"**, for the Water Plant No. 1. – Phase II Edwards Water Well Construction and recommended approval. He also presented Pay Estimate No. 2 in the amount of \$148,734, attached as **Exhibit "K"**, for Water Plant No. 1 – Phase IIb Trinity Well Construction and recommended approval. Upon motion by Director McCloskey and second by Director Chandos, the Board voted unanimously to approve the Pay Estimates.

Mr. Heroy then presented Pay Estimate No. 7 - Retainage in the amount of \$6,063.25, attached as **Exhibit "L"**, for Lift Station No. 1 and recommended approval. He noted that he had received all of the necessary close-out documents and also recommended that the Board accept this project for operation and maintenance. Upon motion by Director Thornton and second by Director Chandos, the Board voted unanimously to approve the Pay Estimate and to accept the project for operation and maintenance.

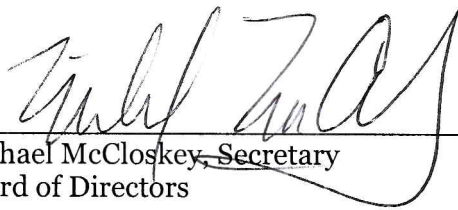
Mr. Heroy then presented Change Orders No. 1, 2 and 3 in the amounts of \$4,680, negative \$7,512 and \$3,640, attached as **Exhibits "M", "N" and "O"**, for Sonterra West Section 8L and Section 7, Phase 4 and recommended approval. Upon motion by Director Faske and second by Director Thornton, the Board voted unanimously to approve the Change Orders, as presented.

Director Faske stated that the Board would next receive the attorney's report and recognized Ms. Littlefield. Ms. Littlefield reported that her directive had been completed.

Mr. Bilger then stated that he had received a good price bid for leak detection for the District's lines and valves. Director Chandos asked if this was needed since the loss factor had gone down. After discussion, the Board directed that the proposal be put back on the agenda for the Board's October meeting.

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



  
\_\_\_\_\_  
Michael McCloskey, Secretary  
Board of Directors

Date: September 25, 2017