

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

November 3, 2016

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

A special meeting of the Board of Directors of Sonterra Municipal Utility District was held on November 3, 2016, at the offices of Armbrust & Brown, PLLC, 100 Congress Avenue, Suite 1300, Austin, 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:

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| John Faske | President |
| David Chandos | Vice President |
| Tom Slowbe | Assistant Secretary |

Director Michael McCloskey was absent and Director Thornton arrived later. Also present at the meeting were Andy Bilger of Vecenario Management, LLC; Garry Kimball of Special Public Finance; Jan Hansen Edwards of McCall Parkhurst & Horton; Jason Jones of Jones Heroy & Associates; Bob West of West, Davis and Company; and Sue Brooks Littlefield of Armbrust & Brown, PLLC.

Director Faske called the meeting to order at 12:01 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 discuss the District's \$5,555,000 Unlimited Tax and Revenue Bonds, Series 2016 (the "*Bonds*"). Mr. Kimball then distributed the bid tabulation for the Bonds attached as **Exhibit "B"** and reviewed it with the Board. He stated that the District had received seven bids and that the winning bid of 3.232642% was much lower than the interest rate approved by the Texas Commission on Environmental Quality ("*TCEQ*"). Mr. Kimball pointed out that the District would realize over \$1.1 million in interest savings over the life of the Bonds based on this extremely low interest rate, noting that this would transfer into additional bonding capacity for the District. He stated that the market rate had been trending upward over the last month, but he felt the rate was an excellent result and compared favorably to the interest rate for the last sale, which was 3.61%. He recommended award of the sale to the low bidder. Ms. Edwards then reviewed the Order Authorizing the Issuance of \$5,555,000 Sonterra Municipal Utility District Unlimited Tax and Revenue Bonds, Series 2016; Levying an Ad Valorem Tax and a Pledge of Net Revenues of the District's Waterworks and Sanitary Sewer System in Support of the Bonds; Approving Official Statement; Authorizing the Execution of a Paying Agent/Registrar Agreement; Awarding the Sale of Bonds; and Authorizing Other Matters Related to the Issuance of Bonds attached as **Exhibit "C"**. She explained that the Order had been completed with the information from the low bid and reviewed the District's obligations and covenants under the Order. She noted that the Order would constitute the District's contract with the bond holders, including a covenant to levy a tax rate in support of the bonds and also a pledge of the net proceeds of the District's utility systems. Ms. Edwards explained that she would file the transcript with the Attorney General, hopefully later in the day, to allow closing to occur on November 22nd in accordance with the schedule the Board had previously

reviewed. After discussion, upon motion by Director Faske and second by Director Chandos, the Board voted unanimously to approve the award of the sale of the Bonds to the low bidder and to adopt the Order as presented.

Director Faske then stated that the Board would consider approving an Amended and Restated Information Form. At this time Director Thornton arrived at the meeting. In response to a question from the Board, Mr. Jones stated that there was about \$1.1 million in additional reimbursement due to the developer. Mr. Bilger stated that there would be additional projects for future development that would also be reimbursed out of future bond issues. After further discussion, upon motion by Director Slowbe and second by Director Thornton, the Board voted unanimously to approve the Amended and Restated Information Form attached as **Exhibit "D."**

Director Faske then stated that the Board would discuss District facilities and construction. Mr. Jones explained that, at the time it had authorized the bonds, the District signed a holdback agreement since several projects were incomplete. He stated that Sonterra West Section 8J, Phases 1-3, had been completed, and that Sonterra West Section 7A, Phase 2A was about 99% complete, but noted that he had not yet received a final pay estimate. Mr. Jones stated that he was waiting for the close out information. Mr. Jones recommended release of the hold back amount for Section 8J, and reducing the hold back amount for Section 7A, Phase 2A to \$20,000, which he confirmed was enough to complete the project. Mr. Jones added that Section 8J had been accepted for operation and maintenance. Upon motion by Director Thornton and second by Director Chandos, the Board voted unanimously to authorize reduction of the hold back amounts as recommended.

Mr. Jones then explained that the TCEQ had completed its pre-purchase inspection and that the TCEQ staff always looked for erosion in the ponds, noting that they had found some items in Sonterra West Section 7A, 2A pond that would need to be addressed. He noted that Mr. Bilger had already engaged a contractor to do some work in another pond, which could easily be mobilized to do this work. Mr. Bilger stated that the work would not exceed \$10,000. Director Thornton inquired about the cause of the erosion and Mr. Bilger responded that it was due to silt and washing away of rock at the entrance to the pond. Director Thornton inquired if there were issues with builder erosion control and Mr. Bilger responded that the primary issue was where a concrete flume came under the road and into the pond and stated that the big rain events over the last few years had affected the pond. Mr. Bilger confirmed that, under the circumstances, the District usually cleaned it up. After discussion, upon motion by Director Chandos and second by Director Slowbe, the Board voted unanimously to approve the repair of the pond for an amount not to exceed \$10,000. Mr. Bilger asked for authorization to do the same with the outlet to the large detention pond facilities in Section 8. Upon motion by Director Chandos and second by Director Thornton, the Board voted unanimously to authorize the repair of the outlet in Section 8 at a cost not to exceed \$10,000.

Mr. Bilger then recommended that the next meeting be limited to bond and construction-related items and not any non-essential items and the Board agreed. There being no further business to come before the Board, the meeting was adjourned.

(SEAL)




Tom Slowbe, Assistant Secretary
Board of Directors

Date: November 21, 2016