

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

May 20, 2019

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

A meeting of the Board of Directors of Sonterra Municipal Utility District was held on May 20, 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:

Tom Slowbe	-	Vice President
Darrell Goldman	-	Secretary
Camy Lenn Reynolds	-	Assistant Secretary
Menashe "Manny" Akiva	-	Assistant Secretary

Director John Faske 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; and Sue Brooks Littlefield of Armbrust & Brown, PLLC.

Director Slowbe called the meeting to order at 6:00 p.m. After the Pledges of Allegiance to the United States and Texas flags, Director Slowbe asked if there were any Board member remarks or citizens communications. There being none, Director Slowbe stated that the Board would consider approving the minutes of the April 15, 2019 Board meeting. Director Reynolds stated that the list of officers was not correct as Director Akiva was the Treasurer. Ms. Littlefield stated that she would double-check the list of officers and include any necessary corrections on the next meeting agenda. Upon motion by Director Goldman and second by Director Reynolds, the Board voted unanimously to approve the minutes.

Director Slowbe requested that, in the future, he be mailed a hard copy of the meeting packet and Ms. Littlefield agreed that her firm would do so.

Mr. Bilger requested that the Board allow Mr. Jones to present his report as the next item of business. The Board concurred and Director Slowbe recognized Mr. Jones. Mr. Jones called the Board's attention to his report, attached as **Exhibit "B"**, and the supplemental report attached as **Exhibit "C"**, noting that he had some things that didn't make the packet deadline. Mr. Jones then presented Change Order No. 4 in the amount of \$54,882 attached as **Exhibit "D"** for additional excavation requested by Williamson County due to soil conditions. He recommended approval of the Change Order. Mr. Jones then presented Pay Estimate No. 12 in the amount of \$10,867.50, attached as **Exhibit "E"**, and Change Order No. 6 for a reduction of \$13,500 due to elimination of a guard rail, attached as **Exhibit "F"**, and Pay Estimate No. 13 in the amount of \$0.00, attached as **Exhibit "G"**, for a reduction in retainage due to Change Order No. 6. Director Faske arrived at the meeting at this time. Mr. Jones then presented Pay Estimate No. 14 - Final in the amount of \$253,158.85, attached as **Exhibit "H"**. Mr. Jones explained that these all related to Sonterra West Section 12. Mr. Jones stated that he had received all of the necessary close-out documents for this project and that he recommended

acceptance of the project for operation and maintenance. Upon motion by Director Goldman and second by Director Slowbe, the Board voted unanimously to approve the Change Orders and Pay Estimates, as presented, as well as acceptance of the project for operation and maintenance.

Mr. Jones then presented Pay Estimate No. 12 in the amount of \$12,302.50, attached as **Exhibit "I"**, and Pay Estimate No. 13 – Final in the amount of \$188,233.85, attached as **Exhibit "J"**, for Sonterra West Sections 8-O, 10-3, 11-2 and 12C, noting that this included the lift station that had been holding up completion. He recommended approval of Pay Estimate No. 12 and Pay Estimate No. 13, including release of retainage, noting that there were a few minor punch list items, but he requested approval to accept the project administratively for operation and maintenance upon completion of the punch list items. Upon motion by Director Faske and second by Director Goldman, the Board voted unanimously to approve the Pay Estimates and authorize administrative acceptance by Mr. Jones upon completion of all punch list items.

Mr. Jones then presented Change Order No. 2 in the amount of \$8,500, attached as **Exhibit "K"**, and Pay Estimates No. 6 and 7 in the amounts of \$15,227.55 and \$7,650, respectively, attached as **Exhibits "L", "M"** from Joe Bland Construction for Sonterra West Section 8N and recommended approval. He noted that the project was 99% complete, but that he was holding the retainage. Upon motion by Director Faske and second by Director Slowbe, the Board voted unanimously to approve the Change Order and Pay Estimates.

Mr. Jones then presented Change Order No. 4 in the amount of \$2,060, attached as **Exhibit "N"**, to add additional services, and Pay Estimate No. 9 in the amount of \$192,340.08, attached as **Exhibit "O"**, for Sonterra West Section 11, Phase 3 and Sonterra West Section 12B and requested approval. After discussion, upon motion by Director Slowbe and second by Director Reynolds, the Board voted unanimously to approve the Change Order and Pay Estimate as recommended.

Mr. Jones then updated the Board on the District's Water Treatment Plants No. 1 and 2 upgrades and explained that this was the project he had worked with Steve Kallman of Lone Star Regional Water Authority ("*LSRWA*") to design. He stated that the project had been financed with Bond Issue No. 8 and that \$833,000 had been budgeted for the two plants and a water line. He presented the bid tabulation attached as **Exhibit "P"**, and pointed out that the low bid was \$750,000 and second lot bid was \$770,000. He stated that there were six bidders total and that he did not recommend awarding the contract at this time because the low bidder was not a contractor he had done work with in past and so he had asked for more qualifications. The Board agreed that the contract award should be placed back on the agenda for the next Board meeting. Mr. Jones stated that there were some alternative bid items included, such as rehabilitation of the ground storage tank and the hydropneumatic tank, and explained that the inside of the tanks needed coating and the end caps were not in accordance with standards. He stated that a lot of questions were generated by these two alternative items. Mr. Jones stated that, because of pushback from the bidders, he had pulled these two items from the bid package and would evaluate doing them as a separate project. Director Faske inquired about putting a liner in the ground storage tank and Mr. Jones responded that there was some concern about how well this would work because the water level in the tank varied and this could cause the liner to collapse.

Mr. Jones then presented the bid tabulation attached as **Exhibit "Q"** for Sonterra West Bailey Park Phase I and IV and Sonterra West Section 7, Phase 2A-1, Block 12, Lot 34. He stated that bids were opened April 11th and that the design engineer had recommended award of the contract to Joe Bland Construction, LP, for the low bid amount of \$3,454,509.50. He added that the contractor had already gotten started with the developer's approval and added that this

was a large project. Mr. Jones stated that he concurred with the design engineer's recommended award. He added that the District was now getting very good bids and interest from a number of new contractors. After discussion, upon motion by Director Slowbe and second by Director Faske, the Board voted unanimously to approve the award of the contract to the low bidder, Joe Bland Construction, LP.

Mr. Jones advised the Board that Hydro Resources had told him that it would be out earlier in the month to fix the Water Plant 1 – Phase IIB Trinity Water Well Construction, but he now had received an email that it would not be out until June. Mr. Jones stated that Hydro Resources had finally taken the line shaft to the manufacturer to have it checked as he requested and found that a new line shaft would be required. He added that, as a result of this, the contractor was now saying that it would have the project done the week of June 10th. Director Goldman asked what the District's recourse was if the project was not done in June. Mr. Jones responded that, with the rain, the fluoride had been diluted, so the District had an adequate water supply, but there would be a supply concern if it stopped raining. He also explained that Crossroads was currently having to operate the well manually. Mr. Hendrix stated that the District's average demand was 460,000 gallons per day. Director Faske asked if the excess operations costs had been passed-through to the contractor. After discussion, the Board directed Mr. Jones to notify the contractor that it would be held responsible for this excess operations cost. Mr. Hendrix was directed to provide Mr. Jones with information on the excess costs so Mr. Jones could notify the contractor. Mr. Hendrix agreed to do so and confirmed that Crossroads was doing this additional operations work seven days per week.

Mr. Jones explained that two bids were obtained for the force main relocation project. The lowest bid was received from Joe Bland Construction in the amount of \$16,050.00 with unit prices that were as expected for the work. In lieu of soliciting a third bid for the force main relocation project and asking the District to pay these unexpected construction costs out of its general operating fund, he requested that SonWest Co. finance the force main relocation via a change order to the ongoing Bailey Park utility construction contract (JHA Project No. 1017-052). The force main relocation costs would then be reimbursed to SonWest Co. with the District's next bond application. He presented the Change Order attached as **Exhibit "R"**, for the force main relocation project as well as a maintenance item to add riprap to the existing Section 3 detention pond outfall channel and recommended approval. Upon motion by Director Goldman and second by Director Slowbe, the Board voted unanimously to approve the Change Order.

Mr. Jones then explained that Sonterra West, Section 12B was under construction, with homes built, and recommended approval of the Agreement Regarding Pump and Haul Program with SonWest Co. attached as **Exhibit "S"**. He noted that Crossroads would manage the project, and explained that the \$8,000 deposit was based on Crossroads' cost estimate, attached as **Exhibit "T"**, would get the developer through the first three months. Mr. Hendrix stated that the only cost was to remobilize from the prior set-up and noted that this was a little more difficult since the pumping was from a manhole rather than a lift station, but stated that the pumping contractor had honored the same price. He stated that Crossroads would be putting a double plug in the line, as there were some contractors working on the wastewater line further downstream. After discussion, upon motion by Director Goldman and second by Director Slowbe, the Board voted unanimously to approve the Agreement.

Director Faske stated that the Board would next receive the LSRWA update and report on rate study matters. Mr. Jones called the Board's attention to the summary of information received from Mr. Joyce, attached as **Exhibit "U"**, noting that it was anticipated that the LSRWA rates would include a base operating rate to cover fixed costs and an additional volumetric rate to cover costs of usage. He stated that the District would be the only customer

taking water in the first year. He also reviewed the map showing the portions of the project completed and those under construction, as well as a summary of contracts. He stated that he anticipated completion in Fall of 2019. Mr. Jones confirmed that blending of water would start in February 2020 and added that this was the project that was on hold until the next month. He also stated that the goal was still to reduce fluoride level below 2 mg/L. Mr. Jones then called the Board's attention to the LSRWA mission statement attached as Exhibit "V", and stated that this was important to protect the integrity of the LSRWA's services. Director Goldman then mentioned that there were a lot of invoices for irrigation system repairs due to the LSRWA's contractor cutting through the District's irrigation system up and down CR 313. Director Goldman asked what the process would be to get the District's money back and noted that there was probably \$15,000 to \$20,000 in expenses that needed to be recouped. He stated that most of these costs were due to damage by S&G. Mr. Jones stated that the contractor was responsible and that the LSRWA engineer had stated that this amount of the repair cost would be held-back from the contractor's retainage as long as the amount was trackable. Director Faske asked that Mr. Jones ensure that the contractors were aware that they would be backcharged. Mr. Jones stated that he had written correspondence with the engineer and asked Mr. Bilger to provide an invoice for repairs through April so that he could start the process.

Director Faske stated that the Board would next receive the manager's report and recognized Mr. Bilger. Mr. Bilger reported that he had received two bids for the sidewalks, one sidewalk being from the pool to McDonalds and one sidewalk from Limestone Terrace to the District office. He stated that the bid were opened April 22nd. He stated that the low bid was from Westar Construction, Inc. ("Westar") for a bid amount of \$196,900, noting that he had confirmed that contractor was bonded. Mr. Bilger stated that the County now requested that the District delay the sidewalk along Limestone Terrace because of scheduled road work and suggested that the Board authorize him to accept one bid and pull the Limestone Terrace portion out of the project. He stated that the Homeowners Association ("HOA") would pay for half of the cost of the project. The Board agreed that Ms. Kolmodin should invoice the HOA for its half of the costs prior to commencement of construction. Mr. Bilger stated that the low bidder, Westar, had not previously done any work in the District. He stated that this was the first segment of the project, noting that Centex Homes was also installing sidewalks to allow better access to the park and pool. Director Slowbe stated that this was improving connectivity throughout the community. Mr. Bilger stated that the school district also had funds available for sidewalks and it might be possible to get the school's assistance to construct sidewalks down CR 313. Director Reynolds stated that the school was doing a survey. Director Slowbe stated that the Parks Subcommittee had a follow-up meeting with the University at which some of the conceptual plans would be presented. Upon motion by Director Faske second by Director Slowbe, the Board authorized the District's general manager to negotiate and execute a contract for the sidewalk project, with a contingency on the second phase based on whether the contractor would hold the price.

Mr. Bilger stated that the pool parking lot overlay had been completed and looked very good. He stated that the contractor would return to repair the parking lot behind the District's office. He confirmed that the water trolley purchase had been finalized, noting that the cost was slightly under the original budget. Mr. Bilger stated that he was in the process of negotiating an amendment to the Wholesale Wastewater Agreement, noting that this was becoming more urgent as there was a connection with the City that needed to be made, the District needed to document winter averaging as a new billing process, and to strengthen the City's commitment to Sonterra and provide a backup plan if they failed to complete the plant expansions that were needed. After discussion, upon motion by Director Faske and second by Director Slowbe, the Board voted unanimously to authorize Mr. Bilger, Mr. Jones and Ms. Littlefield to negotiate and Director Faske to execute the proposed amendment.

Mr. Bilger then proposed hiring an engineer to do the master wastewater planning for the City and District for next 5-10-15 years, noting that he preferred that the District retain the engineer. He stated that SonWest would enter into the agreement with the hope that the District would take over. Ms. Littlefield then presented the proposal from DCS Engineering, LLC attached as **Exhibit "W"**. After discussion, upon motion by Director Faske and second by Director Slowbe, the Board voted unanimously to approve the proposal.

Director Faske then stated that the Board would discuss District security. Director Slowbe stated that the County was doing a great job.

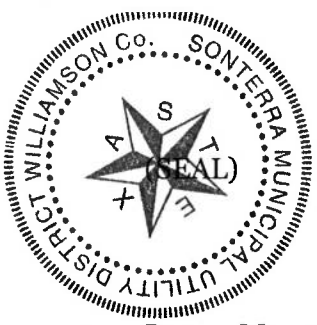
Director Faske stated that the Board would next discuss solid waste and recycling collection. Director Slowbe stated that there had been a request for a second bulk waste pick up and reviewed the proposal from Al Clawson Disposal, Inc. attached as **Exhibit "X"** for the additional Bulk Waste Clean-up Day. After discussion, the Board directed Ms. Kolmodin to put this on the agenda for the Board's budget worksession.

Director Faske then stated that the Board would receive the District operator's report. Mr. Hendrix presented Crossroads' report, attached as **Exhibit "Y"**. He stated that, as of the end of April, the District had 1,934 occupied single-family connections and a total of 2,221 accounts. 67 new taps in April, 135 for the year. He reported that all lab results had been satisfactory and that there had been a water loss of 5.40% during the prior reporting period. He stated that he had received some calls from residents about fluoride, which was 3.26 mg/L currently. He explained that he thought the elevated storage tank took a "slight" lightning strike in April affecting the transducer and digital chlorine scales. Mr. Hendrix stated that he was working to get the chlorine scales replaced under warranty and, if they were not covered under warranty, then he would replace them with manual scales. He estimated that the total cost would be about \$3,500 to \$4,000. The Board directed Mr. Hendrix to research if the scales were covered by warranty. Mr. Hendrix then presented the proposal attached as **Exhibit "Z"** for permanent insulation at the well sites and requested that this be included in the budget for the 2020 budget year. Director Faske asked how much it would cost for temporary insulation and Mr. Hendrix responded that it would cost about \$370 per well to put it on and \$150 to take it off. The Board directed Ms. Kolmodin to put this request on the agenda for the Board's budget worksession.

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 "AA"** and the supplemental check register attached as **Exhibit "BB"**. She pointed out the membership renewal to the Chamber of Commerce, an annual invoice, and a payment to the comptroller for unclaimed property. She stated that she would detail the irrigation repairs due to LSRWA as requested. Ms. Kolmodin requested approval of a transfer from the District's operating account to the money market account. She stated that almost 99% of the District's property taxes had been paid as of the end of March. Director Reynolds requested that Check No. 11106 be voided as it was a duplicate charge. After discussion, upon motion by Director Faske and second by Director Goldman, the Board voted unanimously to approve the bookkeeper's report and the payments and transfer as presented. The Board requested that Mr. Bilger verify the rate for irrigation repairs and approve the check to Green Planet Scapes subject to Mr. Bilger confirming the rate.

Director Faske then recognized Ms. Littlefield, who reviewed her directives with the Board.

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



Darrell Goldman
Secretary, Board of Directors

Date: May 20, 2019