

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

July 15, 2019

THE STATE OF TEXAS           §  
                                          §  
COUNTY OF WILLIAMSON       §

A meeting of the Board of Directors of Sonterra Municipal Utility District was held on July 15, 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"**.

All of the members of the Board were present, as follows:

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

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. ("***Crossroads***"); Edward Castro of Top Quality Lawn Care; John Aregood of LGI Homes; Matt Dingham of A Team Plumbing, Inc.; and Sue Brooks Littlefield of Armbrust & Brown, PLLC.

Director Faske called the meeting to order at 6:00 p.m. After the Pledges of Allegiance to the United States and Texas flags, Director Faske stated that the Board would receive any Board member remarks or citizens communications. He recognized Mr. Aregood, who stated that he was present to discuss the fines imposed by the Board against LGI Homes ("***LGI***") for illegal water connections. Mr. Aregood stated that he managed the LGI's construction operations across the Austin area and apologized for the occurrences. He added that LGI operated within the laws of the State of Texas, including the regulations of the District and requested that the Board reconsider the penalties assessed for the violations. Mr. Aregood then introduced Mr. Dingham, who explained that there were four addresses involved and one address had two violations in different situations. He asked for leniency and mercy. Mr. Dingham apologized for the inconvenience and stated that it was not an intentional theft, but a training lapse. He explained that a trainee was not familiar with the rules and misunderstood the procedure. Director Faske stated that this was not a hearing, but asked if there was anything Mr. Hendrix wanted to add. Mr. Hendrix stated that there had been a few incidents and explained that the pipe needed to be notched to avoid the use of unmetered water. He added that, at one address, the straight connection had been removed by Crossroads after it was initially discovered, but reinstalled, which had resulted in two fines. Mr. Hendrix confirmed that he had reviewed the District's rules with LGI. Mr. Dingham stated that the plumber did not know about this rule. Ms. Littlefield suggested that, if the Board wished to receive legal advice about any potential adjustment of the penalty imposed, it should convene in executive session to do so. Director Slowbe confirmed that he would like to do this.

At 6:08 p.m., Director Faske stated that the Board would convene in executive session in order to receive legal advice. Ms. Littlefield added that this was authorized by Section 551.071 of

the Texas Government Code. At 6:17 p.m., the Board reconvened in open session and Director Faske announced that no action was taken in executive session.

Director Faske then moved that the District reduce the total penalty for the four addresses that were first time violations to 50% of the penalty amount and require payment in full of the penalty assessed for a second violation at the same address, for a total penalty, after adjustment, of \$15,000, and that this reduction be made on a one-time only basis, given with the understanding that, if there were further illegal connections by this builder, the full penalty amount of \$5,000 per violation would be assessed and no appeals would be considered. Upon second by Director Slowbe, the motion was unanimously adopted. Director Faske asked if LGI had paid the entire penalty originally assessed and Mr. Aregood stated that it had. Director Faske responded that the District would process a refund check for the difference.

There being no other citizen's communications and no Board member announcements, Director Faske stated that the Board would consider approving the minutes of the June 17, 2019 Board meeting. Upon motion by Director Slowbe and second by Director Reynolds, the Board voted unanimously to approve the minutes.

Director Faske then stated that the Board would consider approving a release and termination of easements. Ms. Littlefield and Mr. Jones explained that the District held a blanket water well easement as well as an access easement that were no longer needed by the District as the District had received an easement by metes and bounds over the well site and had permanent access to the site. Mr. Jones recommended approval of the release. After discussion, upon motion by Director Faske and second by Director Slowbe, the Board voted unanimously to approve the Release and Termination of Easements attached as **Exhibit "B"**.

Director Faske stated that the Board would next receive the manager's report and recognized Mr. Bilger. Mr. Bilger reported that he had provided the proposed contract for the broadband internet service to Ms. Littlefield for her review. He stated that the contractor would provide free internet to the District for all of the District's facilities. Director Slowbe asked what bandwidth would be provided and Mr. Bilger responded that it would be 100 megabytes.

Mr. Bilger then reported that Sonterra had just been named one of top ten selling subdivisions in the U.S. and was the only one in the top ten located in Texas. He stated that the ranking came out of a "think tank" in Florida and added that this level of sales would not be possible without the good work done by the District.

Mr. Bilger then advised the Board that the sidewalk project was about finished and added that he thought the contractor did an outstanding job, noting that it was a quality project and the contractor had cleaned up the work site. Director Faske agreed. Director Slowbe stated that many people were using the sidewalks to get to the pool as well as to the library. Director Faske stated that it would be important to keep the area behind the curb cleaned up. Mr. Bilger stated that he would dive back into getting a proposal for the marquee signs now that a resolution to the internet problem was in sight.

Director Faske stated that the Board would next discuss District security. He called the Board's attention to the security report from Williamson County included in the meeting packet. Director Slowbe stated that the County's responsiveness was great. Mr. Bilger added that the Sheriff's deputies actually did more than expected. Director Slowbe agreed and noted that they had helped out at the Fourth of July celebration, although they were not contracted to do so.

Director Faske then stated that the Board would discuss park and recreational facilities. Director Slowbe reported that there was a community-wide meeting scheduled for the end of

August and he was expecting to receive the conceptual plans based on all of the input that had been provided to UT Arlington at that time. He explained that the concentration was heavily on the trails through the community and that changes to two detention areas, including one area behind the apartments, was also a priority. Director Faske asked if one detention area was better than another for construction. Mr. Jones responded that they were all similar, each had groundwater issues, and suggested the Board pick the one that worked the best from an access perspective. Mr. Bilger stated that the top area would be better for the construction of restrooms, due to the proximity of a sewer line. Director Slowbe stated that the Committee would also would like to have a concession site. He stated that there was another site along FM 313, which was a great location, and that no land was available to the south, but about a four mile continuous trail had been identified that would run all the way around Sonterra, and would provide access to the school. He added that they had talked about using crushed granite on the trail as it was easier to run on and were working on putting together preliminary budget.

Director Faske then called the Board's attention to the monthly maintenance report from Green Planet Scapes. Mr. Bilger stated that it was likely that he would want to go out for bids for the landscaping contract later in the summer and suggested that the Board discuss this during the budget worksession. He noted that Sonterra was growing and there were a lot more areas that needed to be maintained. Ms. Kolmodin confirmed that she had received the Homeowners' Association's ("HOA's") payment for both pay estimates for the sidewalk project.

Director Faske then stated that the Board would receive the District operator's report. Mr. Hendrix presented Crossroads' report, attached as **Exhibit "C"**. He stated that, as of the end of June, the District had 1,991 occupied single-family connections and an estimated population of 5,973 and a total of 2,346 accounts and that there had been 92 new taps sold in June and 259 for the year. Mr. Hendrix reported that all lab results had been satisfactory and that there had been a water loss of 8.98% during the prior reporting period and 4.0% for the year. He stated that two accounts totaling \$363.96 had been sent for collection. He stated that the District was selling a lot of water and Crossroads was having to run Well 4 throughout the day. Mr. Hendrix added that he continued to have issues with the storage tank and that the lightning strike may have affected the lighting on the top of the tank and that Crossroads might have to send someone to the top of the tank to trouble shoot the issue. Mr. Hendrix stated that, if the outage was related to the strike, he would submit all of the damage as a claim to the insurance company. He then thanked Director Reynolds for her assistance in coordinating homeowners for the lead and copper sampling.

Director Faske stated that the Board would next discuss water, wastewater and rate matters. Mr. Jones stated that the District was still in a good place with regard to its water use restrictions, noting that it was still in Stage 2 and he recommended staying there until the Board was comfortable with the Trinity Well. He explained that the contractor was in the third week of testing, and must have three consecutive clear samples, and this was the third round of sampling. He stated that the water supply remained below 4% on fluoride. Mr. Jones stated that the Jarrell wastewater permit renewal was in process and he had taken a tour of the expansion project with the construction manager, the project was now 85% complete and the new projected substantial completion date was September 2<sup>nd</sup>. He stated that he still expected this completion date to move. Ms. Littlefield added that Mr. Jones had confirmed that the City would consider the proposed Fourth Amendment to the District's wastewater agreement at its July 24<sup>th</sup> meeting.

Ms. Littlefield then presented the proposal from Expergy for work relating to the District's proposed impact fee study attached as **Exhibit "D"**, and the proposal from Jones-Heroy & Associates, Inc. for related engineering services attached as **Exhibit "E"**, noting that these services were needed for the District to move forward with the preparation of the

necessary capital improvements plan and application to the Texas Commission on Environmental Quality (“TCEQ”) for the approval of impact fees. Mr. Jones stated that the capital improvements plan would be fairly straight forward and the rest of his proposal was for coordinating the TCEQ application process. After discussion, upon motion by Director Slowbe and second by Director Goldman, the Board voted unanimously to approve the proposals.

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 “F”**, the supplemental check register attached as **Exhibit “G”**, and the funds transfers. She noted that the second pay estimate for the sidewalks was included for payment and confirmed that she had received the HOA’s share of that payment. She reported that the District was 99.14% collected on taxes. After discussion, upon motion by Director Goldman and second by Director Reynolds, the Board voted unanimously to approve the bookkeeper’s report and the payments and transfers as presented. Director Slowbe directed that Ms. Kolmodin void the check to the City of Jarrell for disputed security services since it was clear the City could not provide the requested backup and she agreed to do so.

Director Faske then recognized Mr. Jones for the purpose of receiving the engineer’s report. Mr. Jones called the Board’s attention to his report, attached as **Exhibit “H”**. He stated that the contract for the water plant upgrades had been finalized with the second low bidder and that he intended to give notice to proceed and have the preconstruction meeting in the next week or two. He reminded the Board that this upgrade would switch the District’s chlorination systems, which would change a lot of things, including operationally, and that this transition would be a process over the next few months. Director Slowbe asked if notice to residents would be given. Mr. Jones stated that there would be a mail-out on the change required before the District could begin use of the Lone Star surface water, which would likely be given in the Fall. Director Slowbe asked if the notice would be a form that was easy to understand and Mr. Jones responded that there was a required TCEQ form, which wasn’t easy to read, but that it would be sent with a simple cover letter that explained that this change was part of the switchover from ground water to surface water. The Board then discussed the notice, impacts of the change in water supply on the District’s water quality, and the fact that surface water would be more reliable and sustainable and result in a reduction in fluoride levels. Mr. Jones reported that the backcharges for the irrigation system repairs required due to damage by Lone Star Regional Water Authority’s contractor had been finalized and sent out.

Mr. Jones then stated that the District’s Bond Application No. 9 had been filed with the TCEQ in June and declared administratively complete on July 8, 2019.

Mr. Jones then presented Pay Estimate No. 8 – Retainage in the amount of \$120,272.85, attached as **Exhibit “I”**, for Sonterra West Section 8N and recommended approval. He noted that he had received all of the necessary close-out documentation and recommended acceptance of the project for operation and maintenance. After discussion, upon motion by Director Slowbe and second by Director Faske, the Board voted unanimously to approve the Pay Estimate and acceptance of the project, as recommended.


Mr. Jones then presented Pay Estimate No. 2 in the amount of \$543,726, attached as **Exhibit “J”**, for Sonterra West Bailey Park Phase I and IV and Sonterra West Section 7, Phase 2A-1, Block 12, Lot 34 and recommended approval. He stated that this was the second pay estimate for the project, which was about 30% complete. After discussion, upon motion by Director Faske and second by Director Goldman, the Board voted unanimously to approve the Pay Estimate. Mr. Jones then stated that he had also received a Change Order to add some improvements for Section 12B drainage as part of this project, attached as **Exhibit “K”**. He recommended approval, noting that Section 12B was a JKB project and the improvements

covered by the change order were needed due to a plan change and that Joe Bland Construction would do them for a reasonable amount, as it was already mobilized. Upon motion by Director Slowbe and second by Director Faske, the Board voted unanimously to approve the Change Order.

Director Faske then recognized Ms. Littlefield, who reviewed her directives and the Texas Municipal League Intergovernmental Risk Pool Summary of Claim Experience Report with the Board.

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



  
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Darrell Goldman  
Secretary, Board of Directors