

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

December 9, 2019

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

A meeting of the Board of Directors of Sonterra Municipal Utility District was held on December 9, 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.; Dennis Hendrix of Crossroads Utility Services, Inc. ("*Crossroads*"); Edward Castro and Josh Fulter of Landscape Design and Lawn Care LLC; Bruce Griffin of B.A. Griffin, LLC; Barbara Garrett of Garrett Consulting Services; Tony Prete of Waltz & Prete Engineers; 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. Director Faske recognized Mr. Prete, who stated that he represented clients wanting to become a part of the District. Director Faske pointed out that there was no specific agenda item that would allow the Board to discuss this request, but it would be discussing out-of-District service requests later in the meeting. There being no Board member remarks or further citizens communications, Director Faske stated that the Board would consider approving the minutes of the October 21, 2019 Board meeting. Upon motion by Director Slowbe and second by Director Goldman, the Board voted unanimously to approve the minutes.

Director Faske stated that the Board would next consider approving the Addendum to Card Services Agreement by and Between Sonterra Municipal Utility District of Williamson County, Texas and Bluefin Payment Systems, LLC attached as **Exhibit "B"**. After discussion, upon motion by Director Faske and second by Director Goldman, the Board voted unanimously to approve the Addendum.

Director Faske then stated that the Board would discuss landscape maintenance services. Ms. Littlefield stated that the interim Landscape Maintenance Agreement with Mr. Castro would expire on December 31st and that she understood Mr. Bilger was pleased with the services provided and wished to proceed with a one-year agreement on essentially the same terms. After discussion, upon motion by Director Slowbe and second by Director Akiva, the Board voted unanimously to authorize Mr. Bilger to negotiate and execute a one-year Landscape Maintenance Agreement with Mr. Castro, for a term beginning January 1, 2020, a copy of the Agreement, as negotiated and executed, is attached as **Exhibit "C"**.

Director Faske stated that the Board would next discuss District security. Director Slowbe stated that Williamson County was getting some calls because the Homeowners' Association ("HOA") was having issues with people parking on their yards. After discussion, the Board confirmed that this was an HOA issue and not a District security issue.

Director Faske stated that the Board would next receive the manager's report and recognized Mr. Bilger. Mr. Bilger reviewed his directives with the Board, noting that there would be new Board meeting chairs in January. He stated that the Texas Commission on Environmental Quality ("TCEQ") required entry signs so he had ordered two additional signs that should be installed in the next few days. Mr. Bilger then stated that he had received many requests for use of the District's facilities and generally approved these since it was in the community's best interest to maximize use of the meeting space. Ms. Littlefield suggested that the Board approve a policy on usage, such as prohibiting for-profit usage, and otherwise delegate the authority to approve the uses to Mr. Bilger. Director Slowbe expressed concern about building security, noting that the building was being left open and he had received calls from the deputies and had also personally found the door open. The Board asked that instances where the building was left open be noted by the deputies on the security report. The Board also requested Mr. Bilger to research the District's records to see if there was an existing policy for public use of the District's facilities. After further discussion, the Board confirmed that Mr. Bilger had the authority to approve use of the District's office and meeting space as long as the use was not for profit. Mr. Bilger then stated that, since the road project was now complete, he would like to have the sidewalk project started back up and to finish the area along Quarry that was repaved. He added that the HOA had agreed to pay half of the cost for the sidewalk. The Board concurred that he should proceed.

Director Faske then stated that the Board would discuss park and recreational facilities. Director Slowbe reviewed concepts from the U.T. Arlington Park Plan with the Board, noting that he had two copies of the full plan that was prepared and had brought each Board member a copy of the committee's recommended priorities. He stated that the top priority was improving the park behind the elementary school with sport courts and a playground, as depicted on **Exhibit "D"**, and that the committee proposed looking into a lease/purchase option with the HOA as a funding source. Mr. Bilger stated that including bathrooms was a key to these improvements. Director Slowbe stated that the next priority would be the linear park, depicted on **Exhibit "E"**, noting that this could be done in phases and that there was already \$120,000 budgeted per year that could be used for this project, which would include about four miles of curved sidewalks as well as exercise equipment and landscaping. He stated that the route went under the power lines and there were multiple areas where this could be implemented. Ms. Littlefield cautioned the Board to look at all related expenses and recommended including a maintenance budget as well as capital costs in any feasibility analysis. Director Slowbe stated that many residents would like another pool. Mr. Bilger pointed out that the District already had two parks. Director Slowbe stated that the goal was to add something for older kids. Director Slowbe stated that the committee would like to get a summary of probable costs. Director Reynolds asked about parking and Director Slowbe pointed out some potential parking areas and suggested coordinating parking with the school. The Board then discussed potential funding sources, noting that there was a possibility that park bonds could be issued, if authorized by the District's voters, and that any grant applications would require the District to retain a grant writer. Ms. Littlefield stated that the District could possibly use land donated by the developer as part of the match for a grant. The Board asked that Ms. Littlefield get with Mr. Kimball on the feasibility of park bonds and she agreed to do so. The Board then discussed the potential use of the detention pond for recreational purposes, including adding trickle drains with a walking surface and soccer fields. The Board asked that Ms. Littlefield send a copy of her contact information for a District park planner to Director Slowbe and to add more detail on these items to the next meeting agenda.

Director Faske then stated that the Board would receive the District operator's report. Mr. Hendrix presented Crossroads' report, attached as **Exhibit "F"**. He called the Board's attention to the proposal for maintenance of the fire hydrants attached as **Exhibit "G"**, noting that it would cost \$25 for maintenance and \$25 for painting and that there were about 241 hydrants in the District. Mr. Bilger stated that all 241 hydrants should be maintained, but not all of them needed painting. Mr. Hendrix stated that he had sent the winter-averaging notice out for posting on the website as requested, and also had included a notice on the bills directing residents to the website. He pointed out that, as of the end of October, the District had 2,207 occupied single-family connections, an estimated population of 6,621, and a total of 2,925 accounts and that there had been 47 new taps sold in October and 46 in November for a total of 93 for the fiscal year to date. Mr. Hendrix reported that there had been a water loss of 7.08% during the prior reporting period, in part due to service lines broken by contractors, noting that the contractors would be back-charged. He called the Board's attention to the well report and noted that the District was primarily using Wells No. 3, 4 and 5, and that all had been operating well. Mr. Hendrix stated that the odor problem had generally been addressed. He also reported that nine accounts totaling \$2,399.04 had been written off and sent for collection. Mr. Hendrix stated that the well insulation work was complete and the contractors had done an excellent job. He stated that Well No. 2 was not yet completely insulated due to status of construction. He stated that he continued to monitor fluoride levels in the District. Mr. Hendrix stated that he and Mr. Jones had met with Hydro Resources to discuss the additional work needed at Well No. 2 to get it back in operation and they would also get proposals from other contractors. He stated that Well No. 2 had never had a variable frequency drive ("VFD") and this would be included. Mr. Jones suggested authorizing the subcommittee consisting of Directors Faske and Slowbe to evaluate proposals and award a contract for the Well No. 2 improvements at a cost not to exceed \$60,000. He stated that the last time the District had replaced this well equipment it had cost about \$20,000, but that amount did not include the additional work required since the pump was now deeper and included a column pipe, and that the project would also include a VFD for the 60 horsepower pump. He stated that this was not an emergency. Mr. Hendrix stated that he had already solicited additional proposals. Mr. Jones stated that the water level in Well No. 2 had never stabilized over the course of the 72-hour pump test and a VFD would allow the well to be operated at a lower draw rate when the level was drawn down. He stated this would be much more economical than using surface water, which was considerably more expensive. After further discussion, upon motion by Director Reynolds and second by Director Akiva, the Board voted unanimously to authorize the Subcommittee to review proposals and award a contract for the work at a cost not to exceed \$60,000.

Mr. Hendrix stated that the District remained under Stage 2 water restrictions. He called the Board's attention to the notice proposed to be sent to the residents regarding the change in chlorination systems that would occur with the introduction of the surface water supply. He added that he planned to include the notice in the current and January billings. After discussion, the Board directed Mr. Hendrix to work with Director Reynolds, who would be authorized to review and approve the notice. Mr. Hendrix stated that notice would also be in the newspaper.

Director Faske stated that the Board would next discuss water, wastewater and rate matters. Ms. Littlefield advised the Board that Mr. Joyce was still working on finalizing the District's rate study. She added that Mr. Joyce was also working on the revised numbers for the retail service contracts with Eastwood Municipal Utility District and the amendment to the contract with Cool Water Municipal Utility District and she felt good progress was being made.

Director Slowbe expressed concern about park fees apparently being double billed on certain customers' utility bills. He added that he understood Crossroads had been referring customers who called in to the attorney's office which wasn't appropriate. Mr. Hendrix agreed

to look into the problem and also contact the resident who had contacted Director Slowbe about the issue.

Mr. Jones then advised the Board that he had not yet completed the impact fee study, but that no advisory committee was required and he expected to present the study to the Board in January. He stated that, after Board approval, the study would be submitted to the TCEQ. Mr. Jones stated that the District had enough capital projects to justify a high impact fee, but he was being respectful of the market and was looking at other areas to ensure the District remained competitive.

Director Faske then stated that the Board would receive the bookkeeper's report. Ms. Littlefield noted that Ms. Kolmodin had a conflict and had been unable to attend as a result of the Board's early meeting date and had forwarded the checks to her office. She called the Board's attention to the check register attached as **Exhibit "H"** and the supplemental check register attached as **Exhibit "I"**. After discussion, Director Reynolds moved that the Board approve the bookkeeper's report and the payments and transfers as presented, subject to confirmation that the checks to the website administrator covered two months of services. Upon second by Director Slowbe, the motion was unanimously adopted.

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 "J"**. He confirmed he had notified the contractor about the Board's concern regarding the hole near the elevated storage tank. Mr. Jones then presented the request for additional engineering fees for fees related to the interconnect between the Lone Star Regional Water Authority ("LSRWA") system and District system attached as **Exhibit "K"**. He recommended approval of the change in scope and fees and explained this work was needed in order to obtain final approval of the interconnect required to obtain surface water. Upon motion by Director Goldman and second by Director Akiva, the Board voted unanimously to approve the proposal. Mr. Jones then presented Pay Estimate No. 4 in the amount of \$31,549.59, attached as **Exhibit "L"**, for the Water Treatment Plant Nos. 1 and 2 upgrade and recommended approval. Upon motion by Director Faske and second by Director Goldman, the Board voted unanimously to approve the Pay Estimate.

Mr. Jones then requested approval to pressure wash the interior of the pressure tank to verify the thickness of the end caps. He stated that the end caps were corroded and so could not be accurately measured unless this was done. He explained that he would like to get the pressure tank back into service as a back-up to the elevated storage tank and estimated the cost of the work to be about \$4,000. Ms. Littlefield clarified that this would be a change order to the water treatment plant contract and Mr. Jones confirmed that it would be. After discussion, upon motion by Director Goldman and second by Director Slowbe, the Board voted unanimously to authorize Mr. Jones to negotiate and execute a change order for this work in an amount not to exceed \$4,000.

Mr. Jones next presented Change Order No. 2 in the amount of \$38,139, attached as **Exhibit "M"**, and Pay Estimates No. 3 and 4 in the amounts of \$348,837.30 and \$809,365.50, attached as **Exhibits "N"** and **"O"**, for Sonterra West Section 13 and recommended approval. He stated that the Change Order was for the wastewater line upsize necessary to serve the proposed Eastwood development and so this cost would not be a District expense. Upon motion by Director Faske and second by Director Slowbe, the Board voted unanimously to approve the Change Order with the understanding that the cost would not be reimbursed by the District and the Pay Estimates, as presented.

Mr. Jones then presented Pay Estimates No. 6 and 7 and Change Order No. 8 in the amounts of \$144,376.65, \$35,940.60 and \$22,000, respectively, attached as **Exhibits "P"**, **"Q"** and **"R"**, for Sonterra West Bailey Park Phase I and IV and Sonterra West Section 7, Phase 2A-1, {W0940668.2}

Block 12, Lot 34 and recommended approval. He stated that the Change Order was for the disposal of excess material and that he had not yet verified if the cost would be reimbursable. He added that, if the cost related to the utilities, then the District's maximum reimbursement for this cost would be 50%. Upon motion by Director Faske and second by Director Reynolds, the Board voted unanimously to approve the Pay Estimates and Change Order, subject to Mr. Jones' confirming reimbursability of cost under the Change Order.

Mr. Jones then called the Board's attention to the handout attached as **Exhibit "S"** regarding the acquisition of the County Road 314 easements, and to the Assignment of Undivided Interest in Easements attached as **Exhibit "T"**. He recommended that the Board increase the County Road 314 easement acquisition expense authorization to an amount not to exceed \$120,000 and explained that this cost would be shared equally with Cool Water Municipal Utility District and Eastwood Municipal Utility District. He added that this authorization amount was an estimate since he didn't have the final alignment, but included projected negotiation, legal, surveying and acquisition costs. Mr. Jones stated that this authorization would allow him to proceed with the survey and negotiations. After discussion, upon motion by Director Slowbe and second by Director Goldman, the Board voted unanimously to approve the increased cost authorization. Upon motion by Director Faske and second by Director Slowbe, the Board voted unanimously to approve the Assignment.

Mr. Jones then presented the bid tabulation attached as **Exhibit "U"** for Sonterra West Bailey Park Phases II and III. He stated that this was the eastern half of Bailey Park and bids were opened November 14th. He noted that the design engineer had recommended award of the contract to Joe Bland Construction, LP, for the low bid amount of \$2,493,797.50. He concurred with the recommendation, noting that he was pleased to see that Joe Bland Construction, LP was the low bidder. After discussion, upon motion by Director Faske and second by Director Reynolds, the Board voted unanimously to approve the award of the contract to the low bidder, Joe Bland Construction, LP.

Mr. Jones then stated that he was trying to save some costs in connection with the Jarrell Schwertner waterline relocation and acquisition of easements required for District facilities. He proposed that the District provide a limited amount of wholesale service to Jarrell Schwertner Water Supply Corporation ("**WSC**"), not to exceed 15 LUEs, as consideration for certain easements and the relocation of certain WSC lines. In response to a question from Ms. Littlefield, Mr. Jones confirmed that the agreement was proposed to be a type of "wheeling agreement", and that the WSC would use capacity in certain District lines in order to serve the 15 LUEs, but would use its own surface water supply. The Board discussed concerns about enforcement of the limitation to 15 LUEs and Ms. Littlefield noted that, if a customer was requesting service as consideration for an easement, this could be done through a restrictive covenant, but if the service would be provided to replace service from an existing WSC line that was being relocated, the limitation would have to be addressed through the contract with the WSC. After discussion, Director Faske moved that the Board authorize Director Reynolds to approve and execute the proposed agreement. Upon second by Director Slowbe, the motion was unanimously adopted.

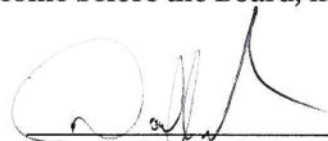
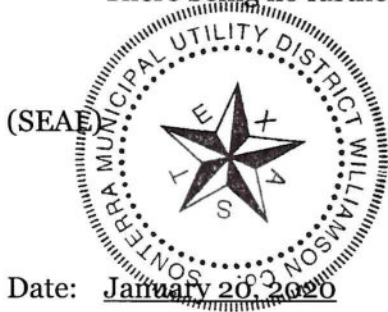
Director Faske then stated that the Board would receive a LSRWA update. After discussion, the Board directed Mr. Jones to follow up on the outstanding irrigation system repair backcharges.

Director Faske then recognized Ms. Littlefield for purposes of receiving the attorney's report. Ms. Littlefield updated the Board on her pending directives. She then reported that the Wireless Facilities Lease Agreement with Heritage Broadband LLC was close to being finalized, noting that Mr. Bilger had provided an exhibit showing the location of the service points, which had been forwarded to Heritage Broadband. Mr. Bilger stated that the locations for the marquee signs were not final. After discussion, the Board directed Director Slowbe and Mr. Bilger to

work together to finalize the location for the two marquee signs. At 7:45 p.m., Director Faske announced that the Board would convene in executive session in order to receive legal advice as permitted by Section 551.071 of the Texas Government Code. The Board reconvened in open session at 7:55 p.m. and Director Faske stated that no action had been taken in executive session.

The Board then directed that the District's website administrator set up email addresses for the Board members for official communications.

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



Darrell Goldman
Secretary, Board of Directors