

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

October 21, 2019

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

A meeting of the Board of Directors of Sonterra Municipal Utility District was held on October 21, 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"); Lauren Martin of Municipal Accounts and Consulting, LP; Dennis Hendrix of Crossroads Utility Services, Inc. ("Crossroads"); Ashlee Martin of McCall Gibson Swedlund Barfoot, PLLC; Edward Castro and Josh Fulter of Landscape Design and Lawn Care by Eddie; Danielle Smith and Darrell Pierce, residents of the District; 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. There being none, Director Faske stated that the Board would consider the bond-related items on the meeting agenda. Ms. Martin presented the supplemental reimbursement report for costs for land acquisition attached as **Exhibit "B"**, noting that this report related to the land costs that had been held back out of the proceeds of the District's 2019 bonds. She called the Board's attention to the amount approved by the Texas Commission on Environmental Quality ("TCEQ"), \$150,000, noting that her reimbursement report recommended payment of approximately \$138,000, leaving about \$12,000 in surplus funds. Director Slowbe asked if these tracts had included the map showing potential parkland and Mr. Jones confirmed that they had been. After discussion, upon motion by Director Faske and second by Director Slowbe, the Board voted unanimously to accept the supplemental reimbursement report and to authorize the related disbursement, subject to receipt of all required closing documents and approval of the District's attorney. Ms. Littlefield stated that the developer had not yet provided the documents required in order to release the funds, but that the paperwork was in process.

Director Faske then stated that the Board would consider approving the minutes of the September 16, 2019 Board meeting. Upon motion by Director Slowbe and second by Director Reynolds, the Board voted unanimously to approve the minutes.

Director Faske stated that the Board would next receive the manager's report and recognized Mr. Bilger. Mr. Bilger reported that he had found some chairs for the meeting room and explained that the old chairs had cost between \$300 and \$750 and that the proposed

replacement chairs would be in the \$650 range. He added that these were of better quality than the existing chairs, which were from 2005. Director Slowbe stated that his big issue was the chairs' pneumatic system. Director Reynolds pointed out that the chairs were also falling apart. Director Akiva stated that he felt this was too expensive. After discussion, the Board agreed that its preferred cost was \$300 per chair and directed Mr. Bilger to look for chairs in this price range. Mr. Bilger then stated that a question had been raised by a homeowner bordering the District's park property, noting that multiple letters were sent out by the Homeowner's Association ("HOA") when residents' fences were falling over and the HOA encouraged residents to split the cost of shared fences with their neighbors. He stated that the question was whether the District would split the cost of repairing or replacing the fence adjoining the park. Ms. Littlefield suggested that this be discussed in executive session so the Board could receive legal advice on the matter. Director Reynolds then asked if the fire department would sign another contract for the fire hydrants and Mr. Bilger responded that the fire department could do the fire hydrant flushing for basically nothing if the contract allowed them to also flush for training purposes. Director Faske stated that there would need to be a protocol to avoid scouring the lines as had occurred recently. Mr. Bilger stated that the fire department was updating its ISO rating, so a volume check was done to check hydrant flows and pressures. Director Faske stated that the fire department should have notified the District or Crossroads and Mr. Bilger agreed. Director Faske added that what the fire department did had affected a lot of people. Director Reynolds asked if Mr. Bilger could set up a discussion with the fire department. Director Faske agreed that improved communication was important.

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 Faske then stated that the Board would discuss park and recreational facilities. Director Slowbe reported that the park items would need to be tabled because he had not received all of the information that was supposed to be provided by U.T. Arlington and asked that the related discussion be deferred to the next meeting. He noted that there was a definitive list of what the Park and Trails Subcommittee wanted to have done and that he was getting some preliminary pricing together for the Board's consideration for budget purposes.

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 September, the District had 2,095 occupied single-family connections, an estimated population of 6,285, and a total of 2,610 accounts and that there had been 80 new taps sold in September and 443 for the fiscal year. He noted that these were houses where meters were set and that it had definitely been a record year. Mr. Hendrix reported that there had been a water loss of .51% during the prior reporting period. He called the Board's attention to the well report and confirmed that the well testing had been completed. He also reported that six accounts totaling \$1,045.31 had been written off and sent for collection. He called the Board's attention to the winter averaging calculation report, attached as **Exhibit "D"**, noting that it would be used by the City of Jarrell (the "City") for purposes of calculating the District's wastewater bill. Mr. Hendrix stated that fluoride levels had been elevated during one week, but again were below 4.0 mg/l. In response to question from Director Slowbe, Mr. Hendrix confirmed that this excess had occurred before the connection with the City. He stated that the interconnect had not worked well because of a pressure issue that would require installation of back flow preventer. He stated that his crews were now treating water from Wells 4 and 5 at the elevated storage tank, utilizing Lone Star Regional Water Authority's ("LSRWA's") Line C, and that they had had very good results blending water with water from Well 3, noting that the odor complaints had declined. He confirmed that the winter-averaging information had been included on the customers' bills. Mr. Hendrix stated that he was in the process of getting a proposal from Capital Hydrants for testing and maintaining the District's hydrants. The Board confirmed that

it wished for him to proceed with getting a proposal for fire hydrant maintenance, including an add-on for cleaning them up and repainting them. The Board directed that a special flyer be prepared and sent out to the customers regarding winter-averaging and how this would affect the customers' bills over the course of the entire year. Mr. Hendrix then confirmed that \$5,200 had been paid for repairs due to the lightning strike and so there was about \$200 covered after the \$5,000 deductible. Mr. Hendrix requested that Director Faske sign the authorization so he could return the claim information to Texas Municipal League. He confirmed that the pump and haul program was complete and the related item could be pulled from the agenda.

Director Faske stated that the Board would next discuss water, wastewater and rate matters. Mr. Jones recommended staying at Stage 1 water rationing until the surface water supply was in. He then called the Board's attention to the Order Establishing Rules and Regulations Governing Maintenance Requirements for Private Fire Lines, Fire Hydrants and Water Service Lines attached as **Exhibit "E"**, noting that there were several properties with private fire lines, including the school, emergency services and the apartments. He noted that the apartments had a private line hooked up to the fire loop, which provided connections serving the apartment units. He added that, in this case, when the fire loop was not used, there were low velocities and so solids settled out which could affect the health and safety of the residents. He stated that, if a fire line was connected to a domestic service line, he recommended monthly flushing of the domestic line and annual flushing of the fire loop. Director Faske asked how this would be monitored. Ms. Littlefield stated that, under the proposed order, it was the owner's obligation to provide a report to the District. Mr. Hendrix stated that Crossroads could do a follow-up if they didn't receive the required information, similar to the process for grease traps. Director Akiva recused himself from the discussion and vote related to the Order and submitted the Conflict Statement attached as **Exhibit "F"**. After discussion, upon motion by Director Slowbe and second by Director Goldman, the Board voted 4-0 to approve the Order and direct Mr. Hendrix to implement a process to monitor the required reporting, with Director Akiva abstaining from the discussion and vote.

Mr. Jones confirmed that Mr. Joyce was in the process of finalizing the District's rate study.

Mr. Jones then stated that he still hadn't heard anything further from the City on the status of the wastewater plant expansion project and that it was still not in operation. Mr. Bilger stated that the City expected completion on December 1st. Mr. Jones then reported that the development of the water impact fee was in process, but was on hold pending finalization of the Eastwood service contract. Mr. Bilger stated that the additional capacity agreements would provide customers for the District's additional water capacity available through the LSRWA. He reminded the Board that, two months before, the Board had approved the Cool Water service contract, which allowed costs of the LSRWA infrastructure to be shifted to Cool Water Municipal Utility District. He noted that this process had taken about nine months and had taken many different turns, but ended up being a purchase of capacity agreement. He noted that the agreement had only been available for the developer's review for about one day before the Board approved it and that, after some time with it, there were issues with some of the numbers. Mr. Bilger reminded the Board that, at its last meeting, the Board agreed to consider another service contract with Eastwood and an amendment to the Cool Water contract, but there had been some challenges getting on the same page with the numbers. He proposed that the Board cancel its November meeting and hold the December meeting a week early, but that he would like to move forward with the Eastwood contract. He proposed that two Board members to be authorized to finalize the Eastwood contract with the final numbers to be approved by Mr. Jones, Mr. Joyce, Ms. Littlefield and himself, as well as the two Board members. After discussion, upon motion by Director Faske and second by Director Goldman,

the Board voted unanimously to authorize Director Faske and Director Slowbe to negotiate and execute the Eastwood contract.

Director Faske then stated that the Board would receive the bookkeeper's report. Ms. Martin called the Board's attention to the check register attached as **Exhibit "G"** and the supplemental check register attached as **Exhibit "H"**. Ms. Martin also reviewed the proposed funds transfers, including a transfer from the District's Lockbox account, and the cash flow for the Park and Pool account. She also called the Board's attention to the payments out of the bookkeeper's account, noting that these were time-sensitive payments made between meetings. Ms. Martin noted that it was the end of the fiscal year and a few checks were still outstanding, but the District had a healthy fund balance. Ms. Martin added that she would hold the wire of the bond funds to the developer until final approval was given for her to release those funds. She reported that the District was 99.54% collected on its 2018 taxes, with taxes receivable of \$26,000 for all fiscal years. Director Reynolds asked about the payments to LSRWA and Ms. Martin confirmed that one check was to the contractor on the water plant upgrade. She also confirmed that there was a payment to the LSRWA for debt service and one for the first operating expense payment for the year. After discussion, Director Faske moved to approve the bookkeeper's report and the payments and transfers as presented. 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 "I"**. He confirmed that the clean-up around the detention pond in Section 10 had been completed by Joe Bland Construction as discussed at the prior meeting. He stated that a 72-hour pump test at Well 2 had been completed the previous Friday, but there was currently no action on the purchase of the pump, since the test had just been completed. He stated that he was optimistic that the results were favorable. He reported that he had had a good meeting with DCS Engineering, which had been hired to do wastewater master planning for the City, noting that the meeting had been very productive and DCS was moving full steam ahead. Director Goldman asked where the City was with capacity and Mr. Jones responded that it was operating the same plant because the 1 MGD expansion had still not been activated. He added that the City had decided not to go with the temporary connection, but thought it would have the expansion on line by December 1. Mr. Jones reported that a couple of new sections were currently being bid, including the eastern side of Bailey Park and Phase 1 in Cool Water MUD. Director Faske asked what homebuilders would be building in these sections and Mr. Bilger responded that there were six builders lined up, including Lennar Homes and KB Homes. Mr. Jones then stated that the Jarrell ISD Elementary School's 12-inch waterline project was now 100% complete and in operation and recommended formal acceptance of the project for operation and maintenance. After discussion, upon motion by Director Faske and second by Director Slowbe, the Board voted unanimously to accept the project for operation and maintenance. Mr. Jones confirmed that there would be no cost to the District for this line.

Mr. Jones then presented Pay Estimate No. 3 in the amount of \$16,634.02, attached as **Exhibit "J"**, for the Water Treatment Plant Nos. 1 and 2 upgrade and recommended approval. He stated that the project had long lead times and the contractor was waiting on equipment. After discussion, upon motion by Director Slowbe and second by Director Goldman, the Board voted unanimously to approve the Pay Estimate.

Mr. Jones next presented Change Order No. 1 in the amount of \$88,200, attached as **Exhibit "K"**, and Pay Estimates No. 1 and 2 in the amounts of \$213,579.36 and \$100,344.42, attached as **Exhibits "L"** and **"M"**, for Sonterra West Section 13 and recommended approval. He stated that the Change Order was for the Jarrell-Schwertner 2" water line relocation and a drainage project that had been required by the County, noting that the drainage portion was not

eligible for reimbursement because the project had been bid and awarded before the County approved the plans. Upon motion by Director Faske and second by Director Goldman, the Board voted unanimously to approve the Change Order and Pay Estimates, as presented, with the reimbursement limit as noted.

Mr. Jones then presented Pay Estimate No. 5 and Change Order No. 7 in the amounts of \$368,740.13 and \$13,950, respectively, attached as **Exhibits "N" and "O"**, 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 the Change Order was for some additional offsite work to install utilities for a platted lot that had not been included when the lot was developed. Upon motion by Director Slowbe and second by Director Goldman, the Board voted unanimously to approve the Pay Estimate and Change Order.

Director Faske then stated that the Board would receive a LSRWA update. Mr. Jones stated that Municipal Accounts and Consulting had received some funds from Austin Underground for irrigation system repairs, but S&J was an open contract and that its payment was still pending. Mr. Jones confirmed that the LSRWA had overcome a big hurdle with regard to the connection to the Brazos River Authority 24-inch water line that had resulted due to an issue with the location and ownership of the portion of the line that needed to be tapped. Director Goldman stated that there was a hole near the elevated storage tank covered by a pallet which was a hazard. Mr. Jones stated that he thought it was where an air valve was supposed to be and that, after the line was tested, an air valve would be installed, but that he would ensure that the contractor secured the area.

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 called the Board's attention to the most recent Texas Municipal League Intergovernmental Risk Pool Summary of Claim Experience Report. Ms. Littlefield reported that the Wireless Facilities Lease Agreement with Heritage Broadband LLC was still in process, but she believed the only substantive issue remaining was the District facilities to be served. Upon motion by Director Faske and second by Director Goldman, the Board voted unanimously to authorize Director Slowbe to finalize the Agreement with Heritage Broadband.

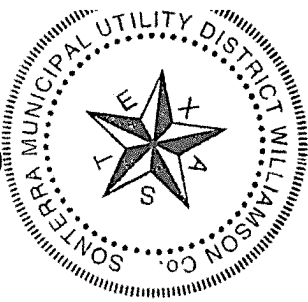
Director Faske stated that the Board would next discuss the District's holiday meeting schedule. After discussion, the Board agreed to skip the November meeting and to move the December meeting to December 9th.

Director Slowbe then proposed that the replacement chair allowance be increased to \$340. After discussion, the other Board members concurred with the change.

At 7:10 p.m., Director Faske announced that the Board would convene in executive session in order to receive legal advice regarding a replacement fence policy as permitted by Section 551.071, Texas Government Code. At 7:19 p.m., the Board reconvened in open session and Director Faske announced that no action had been taken in executive session.

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

(SEAL)



Darrell Goldman
Secretary, Board of Directors

Date: October 21, 2019