

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

May 16, 2016

THE STATE OF TEXAS           §  
  §  
COUNTY OF WILLIAMSON       §

A meeting of the Board of Directors of Sonterra Municipal Utility District was held on May 16, 2016, within the boundaries of the District, 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
David Chandos	Vice President
Darrell Goldman	Secretary
Trisha Allen	Treasurer
Dale Thornton	Assistant Secretary

Also present at the meeting were Keli Kirkley of Municipal Accounts & Consulting, L.P.; Dennis Hendrix of Crossroads Utility Services ("Crossroads"); Jason Jones of Jones-Heroy & Associates; Andy Bilger of Vecenario Management, LLC; Tom Slowbe and Michael McCloskey, Directors-elect; and Sue Brooks Littlefield of Armbrust & Brown, PLLC.

Director Faske called the meeting to order at 6:00 p.m. After the Pledge of Allegiance, Director Faske inquired if there were any citizens communications or Board member announcements. There being none, Director Faske stated that the Board would next consider the consent items on the Board's meeting agenda: the minutes of the April 18, 2016 Board meeting; the Resolution Establishing Offices and Meeting Places of the Board of Directors attached as **Exhibit "B"**; and the engagement letter with West, Davis & Company for a report on reimbursable costs attached as **Exhibit "C"**. Upon motion by Director Thornton and second by Director Allen, the Board voted unanimously to approve the consent items.

Director Faske then stated that the Board would receive the operator's report and recognized Mr. Hendrix. Mr. Hendrix reported that this was the second month the District had experienced a water gain and added that Crossroads had identified a few meters that had not been read for several months, the billings had now come in and the water loss that had been experienced previously was being balanced out. He stated that, at the same time, during construction, Crossroads had to rely on the contractors for their water usage numbers. Mr. Hendrix reported that there were currently 1,141 occupied single family residences in the District and total of 1,464 connections. He stated that he had two write-offs to present, attached as **Exhibit "D"**, and explained that one was an owner who had not provided a forwarding address and one was a renter. The Board confirmed that, under the previously adopted write-off policy, no action was required if the amount written-off was under \$2,000, as in these cases. Mr. Hendrix then stated that he had requested three proposals for electrical work for the emergency generator. He noted that the least expensive proposal was from Stence Electric, Inc. ("Stence") in the amount of \$23,400, noting that this work would enable the generator to serve both lift stations, Well No. 2 and Well No. 3. Director Faske asked for confirmation that this would make the plug-in connections consistent so the generator could be moved around. Mr.

Hendrix stated that this was correct and that it would make it easy and effective to utilize the generator as a back-up power supply. Mr. Hendrix stated that Stence had done work for the District in the past and was local. The Board discussed getting a third bid. Mr. Jones stated that he recommended Stence and noted that electrical work was similar to professional services in that it was important to get someone who was qualified. Mr. Bilger suggested that the Board allow two weeks to get another bid and also authorize a member of the Board to approve a proposal for the work. After discussion, upon motion by Director Thornton and second by Director Allen, the Board voted unanimously to authorize Director Faske, as the Board's representative, to approve a proposal for the project at a cost of \$26,910 or less.

Director Faske stated that the Board would next discuss the District's application to the Texas Commission on Environmental Quality ("TCEQ") for use of surplus bond funds. Ms. Littlefield stated that the TCEQ had approved the use of certain surplus bond funds and called the Board's attention to its approval letter, attached as **Exhibit "E"**. Mr. West then distributed the report on reimbursable costs attached as **Exhibit "F"** and explained that he had reviewed the developer's records and confirmed that eligibility of the costs proposed for reimbursement. He stated that the District had already partially reimbursed the developer for certain facilities that had previously been conveyed to the District, the next reimbursement was for impact fees, and the final reimbursement was for land costs associated with a detention pond and drainage channels. Mr. West noted that the District would still have a small amount of surplus funds remaining after these payments. After discussion, upon motion by Director Allen and second by Director Faske, the Board voted unanimously to approve the report on reimbursable costs and to authorize disbursement of the surplus funds in accordance with Mr. West's report.

Director Faske then stated that the Board would receive the bookkeeper's report and recognized Ms. Kirkley. Ms. Kirkley reviewed the list of bills and invoices and checks included in her report (Nos. 9223-9263) attached as **Exhibit "G"** and the list of supplemental checks (Nos. 9264-9270) attached as **Exhibit "H"**. She recommended that all of the payments be approved. She also called the Board's attention to the check register for the District's Capital Projects Funds, attached as **Exhibit "I"**, and the payments being made from the fund pursuant to Mr. West's report. Director Allen inquired if interest rates were going to increase and Ms. Kirkley responded that TexPool rates had come up, but CD rates had not increased recently. Ms. Kirkley also advised the Board that Schwertner Bank was changing to RBank. Director Allen moved to approve the invoices and checks as recommended by Ms. Kirkley. Director Chandos seconded the motion, which was unanimously adopted.

Director Faske stated that the Board would next receive the manager's report and recognized Mr. Bilger, who stated that he would like to recognize the new Board members-elect, Tom Slowbe and Michael McCloskey. He also stated that he wanted to thank Directors Allen and Goldman for their service to the District. Mr. Bilger reminded the Board that there would be a special meeting on Wednesday evening because the official election results had not yet been released, but added that this meeting would be very short and was being held just to canvass the election and to swear in the new Board members. Mr. McCloskey stated that he had requested that Judge Kevin Yeary of the Texas Court of Criminal Appeals do his swearing in and had invited some guests to attend. Mr. Bilger then report that the new bid for the sidewalks and walking trails at the park would save about \$2.50 per square foot. He noted that this would make it possible to construct the sidewalks five feet wide and to have a much better product. Mr. Bilger noted that the bidder was the same concrete company that had done the concrete work at the apartments and added that the bidder would be doing a lot of work for this price. Mr. Bilger also reported that JKB Construction Company, LLC, would be moving forward in Section 8J and was almost done in Section 7A. He noted that the wet well and lift station would

be put into service soon and that the pool would be opened on Memorial Day weekend. Mr. Bilger noted that the Board would need to discuss the purchase of chairs and other pool equipment out of the park and rec funds at its June meeting. Director Faske inquired about the continuation of water use restrictions and Mr. Bilger responded that the District had been in Phase 1 for about three years, but that he was in favor of taking the restrictions off. The Board discussed possible means of giving notice to the residents of any change in the watering restrictions, including website notice, email notices, and signage. Mr. Hendrix noted that the District was also required to notify the TCEQ of any change in the District's water use restrictions.

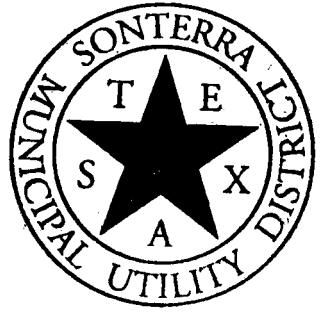
Director Faske then stated that the Board would receive the engineer's report and recognized Mr. Jones. Mr. Jones reviewed his report, attached as **Exhibit "J"**, noting that the general services item included on his report summarized his activities between the Board meetings. He stated that construction was still very active. Mr. Jones stated that the elevated storage tank would be going up soon and added that he expected to bring the bid tabulation for the well project to the next meeting. Mr. Jones noted that he had met with Crossroads on rehabbing Lift Station No. 1. He stated that he expected to bring the resolution for the next bond application to the next Board meeting following some construction projects being closed out. He then reported that he had received Pay Estimate No. 1 in the amount of \$186,411, attached as **Exhibit "K"**, for the Phase 1 Elevated Storage Tank for Water Plant No. 1 and recommended approval. Upon motion by Director Goldman and second by Director Faske, the Board voted unanimously to approve the Pay Estimate.

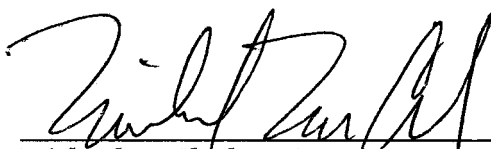
Mr. Jones then provided an update regarding Sonterra West Section 8J, Phase 4 and Section 7A, Phase 2B and presented Change Order No. 2 in the amount of \$18,977.73, attached as **Exhibit "L"**, and recommended approval. He stated that the need for this work was actually brought to his attention by the contractor. Upon motion by Director Goldman and second by Director Faske, the Board voted unanimously to approve the Change Order.

Director Faske stated that the Board would next receive the attorney's report and recognized Ms. Littlefield. Ms. Littlefield stated that she hoped to bring updated depository resolutions to the next Board meeting for approval and noted that, as Director-elect McCloskey had indicated that he preferred not to be a signatory on the District's accounts, she suggested Mr. Bilger be considered as an alternative third signatory to ensure bills could be paid at a meeting held at which Mr. McCloskey comprised the third member of the quorum.

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

(SEAL)



  
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Michael McCloskey, Secretary  
Board of Directors

Date: June 20, 2016