

MINUTES OF REGULAR MEETING OF
SONTERRA MUNICIPAL UTILITY DISTRICT
Thursday, August 16, 2012

STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

The Board of Directors of Sonterra Municipal Utility District (the "District") held a regular meeting, open to the public, at 8:00 a.m., at 113 Limestone Terrace, Jarrell, Texas, inside the boundaries of the District, on the 16th day of August, 2012, and the roll was called of the duly constituted officers and members of the Board, to-wit:

Bill Gravell	President
Erma Wedge	Vice President
John Faske	Secretary
Trisha Allen	Treasurer
David Chandos	Assistant Secretary/Treasurer

and all of said persons were present, thus constituting a quorum. Also in attendance were Andy Bilger; Michael Luft of Municipal Accounts & Consulting, L.P.; Robert Anderson of Crossroads Utility Services; Mike Fisher of Baker-Aicklen and Associates, Inc.; Thereon Vaughan; Annie Napoli; Sherry Cummings; Ashley Singh; Bob West of West, Davis & Company; Garry Kimball of Specialized Public Finance, Inc.; and Ronald J. Freeman of Freeman & Corbett.

1. First, the Board considered the minutes of the Board's July 19, 2012 meeting. Director Chandos made a motion to approve the minutes as revised. Director Faske seconded the motion, which the Board passed unanimously.

2. The Board then considered the Utility Operator's Report. Mr. Anderson gave a brief update on the status of facilities and services within the District.

3. The Board then considered the Developer's Report. Mr. Vaughan gave a brief update on the status of development within the District.

4. The Board then considered the Manager's Report. Mr. Bilger gave a brief update on the status of the District.

5. Next, the Board considered the Engineer's Report. Mr. Fisher reported that he had solicited 4 proposals and received 2 responses to perform a water system communications upgrade. He recommended the Board award a contract to Control Panels USA Inc., in the amount of \$40,200.00 to perform the work on the District's water system communications upgrade per its proposal. Director Wedge made a motion to award the bid for the water system communications upgrade to Control Panels USA Inc., in the amount of \$40,200.00 and to authorize the President to negotiate and execute a contract consistent with the proposal. Director Faske seconded the motion, which the Board passed unanimously. A copy of the Engineer's Memorandum is attached as an exhibit to these minutes.

7. Next, the Board considered the proposed Budget for FY 2013, the preliminary tax rate and setting a date for a hearing on the tax rate. Upon a motion by Director Allen and a second by Director Chandos, the Board unanimously approved a proposed tax rate of \$0.85/\$100 of assessed valuation, as recommended by the Mr. Kimball, and established the hearing to consider adopting the tax rate for Thursday, September 20, 2012, at 8:00 a.m. at 113 Limestone Terrace, Jarrell, Texas, and authorized the issuance of the required notice for the public hearing. Copies of the preliminary tax rate and draft budget are attached as exhibits to these minutes.

8. Next, the Board discussed taking action regarding activities related to Corn Hill Regional Water Authority. Director Gravell explained this item to the Board. No action was taken by the Board.

9. The Board then discussed a proposal to perform the District's annual audit from West, Davis & Company. Mr. West presented the proposal to the Board. After discussion, Director Wedge made a motion to approve the proposal. Director Chandos seconded the motion, which the Board passed unanimously. A copy of the proposal is attached as an exhibit to these minutes.

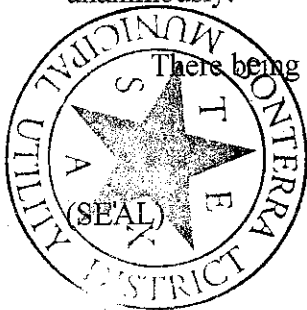
10. Next, at approximately 8:58 a.m., the Board recessed into, and convened in, executive session to receive legal advice and discuss personnel matters related to the District's employees and consultants and to receive legal advice concerning the District's insurance. The Board came out of executive session, and re-convened in open session, at approximately 9:37 a.m. Director Gravell made a motion to accept Andy Bilger's resignation letter terminating the agreement between him and the District effective September 30, 2012. Director Wedge seconded the motion, which the Board passed unanimously.

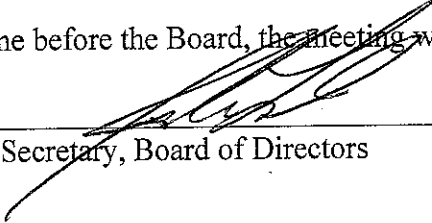
11. Next, Director Gravell made a motion to approve an additional Check to Mr. Bilger for his salary for the month of September, 2012, but not to include his expenses for his phone and travel expenses. Director Wedge seconded the motion, which the Board passed unanimously.

12. Director Gravell then made a motion to not approve the proposed check to Thereon and Ellie Vaughan for insurance and taxes on the District's office, but instead to approve a check to Mr. and Mrs. Vaughan for the insurance premium costs, but not for taxes. Director Allen seconded the motion, which the Board passed unanimously.

13. Next, Director Wedge made a motion to approve all other bills and invoices as recommended by Mr. Luft in his report, a copy of which is attached to these minutes, except for the insurance check, and to hold Director Allen's check pending delivery by her of documentation of expenses. Director Faske seconded the motion, which the Board passed unanimously.

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




Secretary, Board of Directors