

MINUTES OF SPECIAL MEETING OF
SONTERRA MUNICIPAL UTILITY DISTRICT
Tuesday, October 19, 2010

STATE OF TEXAS

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COUNTY OF WILLIAMSON

The Board of Directors of Sonterra Municipal Utility District (the "District") held a special meeting, open to the public, at 10:30 a.m., at Freeman & Corbett, 8500 Bluffstone Cove, Suite B-104, Austin, Texas, outside the boundaries of the District, on the 19th day of October, 2010, and the roll was called of the duly constituted officers and members of the Board, to-wit:

Bill Gravell	President
Lenn Schwarz	Vice President
William Frymire	Secretary
Trisha Allen	Treasurer/Assistant Secretary
Erma Wedge	Director

and all of said persons were present, except Director Wedge initially, thus constituting a quorum. Also in attendance were Theron and Ellie Vaughan; Andy Bilger; Sam Jones and Jason Jones of Jones-Heroy Engineers; Robert Anderson and Randy Gardner of Crossroads Utility Services; Autumn Phillips of Municipal Accounts & Consulting, L.P.; Garry Kimball of Specialized Public Finance, Inc.; and Ronald J. Freeman and Lauren Hughes of Freeman & Corbett.

1. First, the Board considered approval of the minutes of the Board's September 14, 2010 meeting. Director Frymire made a motion to approve the minutes subject to changing Director Allen's title to Treasurer/Assistant Secretary. Director Schwarz seconded the motion, which the Board passed unanimously.
2. Next, the Board considered the Operator's Report. Mr. Anderson from Crossroads Utility Services briefly updated the Board on the status of the District's operations. No action was taken by the Board.
3. The next item was consideration of the bills and invoices. Ms. Phillips presented a list of bills and invoices to the Board and explained the Bookkeeper's Report. Ms. Phillips also handed out a supplemental sheet to the Bookkeeper's Report. Ms. Phillips recommended that the Board approve all the bills and invoices on original and supplemental list except for a check to Director Schwarz in the amount of \$59.40, and in addition, she requested approval of a check in the amount of \$260 to Ms. Schwarz for reimbursement for costs related to the District's newsletter. Director Allen made a motion to approve the bills and invoices as recommended by Ms. Phillips. Director Schwarz seconded the motion, which the Board passed unanimously. A copy of the list of bills and invoices is attached to these minutes.
4. The Board then considered the Developer's Report. Mr. Vaughan gave brief update on the status of development within the District. No action was taken by the Board.

5. The next item to come before the Board was the Manager's Report. Mr. Bilger presented a handout to the Board with a list of goals for the District. Mr. Bilger briefly explained the list of goals to the Board. Director Wedge entered the meeting at this time.

6. The Board next considered the Engineer's Report. Jason Jones presented a written report, a copy of which is attached to these minutes. In accordance with the report, the Board unanimously approved the following actions upon a motion by Director Allen and a second by Director Frymire:

- a. Pay Estimate 2 (\$279,169.97) for Sonterra West, Section 8-B, (JHA Job No. 0061-065);
- b. Pay Estimate No. 4 (\$30,365.38) for Sonterra West, Section, 3 Phase 1 (JHA Hob No. 0061-063).

Jason Jones also gave a brief update on the status of the District's third bond issue. Furthermore, Jason Jones informed the Board that he is still in the process of collecting data for the overall water, wastewater and drainage system map for the District.

7. The Board then considered the General Counsel's Report. Mr. Freeman informed the Board that the District received a check for the District's portion of the settlement proceeds in the lawsuit against certain of the District's former attorneys. Mr. Freeman also informed the Board that he will work with Mr. Bilger and Mr. Dietz to determine if the District should engage in litigation against the District's other former attorney or its land surveyor.

8. Next, Jason Jones briefly updated the Board on the status of the Interconnect Agreement with Jarrell-Schwertner WSC. He informed the Board that construction should start next week.

9. Next, the Board considered a draft Second Amendment to Agreement for Wholesale Wastewater Service between the District and the City of Jarrell. Mr. Freeman briefly explained the Amendment to the Board. After discussion, Director Gravell made a motion to approve the Second Amendment to Agreement for Wholesale Wastewater Service between the District and the City of Jarrell subject to any minor revisions by Mr. Freeman and the Board President. Director Allen seconded the motion, which the Board passed unanimously. A copy of the draft Second Amendment is attached as an exhibit to these minutes.

10. The Board then considered the District's Investment Policy. Ms. Phillips requested the Board approve layering of the District's funds in certificates of deposits maturing over monthly periods of time, approve the list of brokers that was included in the Board packets and appoint Mark Burton and herself from Municipal Accounts & Consulting, L.P. as the District's Investment Officers. After discussion, Director Allen made a motion to approve the matters as requested. Director Wedge seconded the motion, which the Board passed unanimously. A copy of the list of brokers is attached as an exhibit to these minutes.

11. The Board then considered approving signature cards for the District's bank account. Ms. Phillips recommended the Board move its checking account to Ironstone Bank. After discussion, Director Allen made a motion to approve moving the District's checking account to Ironstone Bank, to approve the new bank signature cards there for all directors except

Director Wedge, who requested that she not be a signatory, and to approve wire transfer authority subject to the bank checking first either with Director Gravell or Director Schwarz. Director Schwarz seconded the motion, which the Board passed unanimously.

12. Next, the Board considered adopting an Identity Theft Prevention Program. Mr. Freeman stated that his partner, Mr. Corbett, had prepared the policy which had been reviewed and approved by Crossroads Utility Services and Municipal Accounts and Consulting. After discussion, Director Gravell made a motion to adopt the Identity Theft Prevention Program. Director Schwarz seconded the motion, which the Board passed unanimously. A copy of the Identity Theft Prevention Program is attached as an exhibit to these minutes.


13. The Board then considered a Proposal from Robin Campbell to design and implement a website for the District. Director Gravell briefly explained the Proposal and made a motion to approve the Proposal from Robin Campbell to design and implement a website for the District. Director Allen seconded the motion, which the Board passed unanimously. A copy of the Proposal is attached as an exhibit to these minutes.

14. Next, the Board considered taking action to amend the District's FY2011 Operating Budget. Mr. Kimball explained the amended Budget to the Board. After discussion, Director Gravell made a motion to approve the amended FY2011 Operating Budget. Director Frymire seconded the motion, which the Board passed unanimously. A copy of the amended FY2011 Operating Budget is attached as an exhibit to these minutes.

15. The Board then convened in Executive Session at approximately 11:45 a.m. to receive legal advice concerning the lease-purchase of an office building at 113 Limestone Terrace, Jarrell, Texas. The Board came out of Executive Session at approximately 12:05 p.m. Director Wedge made a motion to approve an offer of \$465,000 for a lease-purchase of the building at 113 Limestone Terrace, Jarrell, Texas. Director Schwarz seconded the motion, which the Board passed unanimously.

There being no further business to come before the Board, the meeting was adjourned at approximately 12:10 p.m.




Secretary, Board of Directors