

MINUTES OF REGULAR MEETING OF  
SONTERRA MUNICIPAL UTILITY DISTRICT  
Thursday, November 18, 2010

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 10:30 a.m., at Freeman & Corbett, 8500 Bluffstone Cove, Suite B-104, Austin, Texas, outside the boundaries of the District, on the 18<sup>th</sup> day of November, 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, thus constituting a quorum. Also in attendance were Theron and Ellie Vaughan; Andy Bilger; Jason Jones of Jones-Heroy Engineers; Robert Anderson and of Crossroads Utility Services; Autumn Phillips of Municipal Accounts & Consulting, L.P.; and Ronald J. Freeman and Lauren Hughes of Freeman & Corbett.

1. First, the Board considered approval of the minutes of the Board’s October 19, 2010 meeting. Director Allen made a motion to approve the minutes subject to changing the following statement: “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 Wedge. Director Schwarz seconded the motion, which the Board passed unanimously,” to “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.” Director Frymire seconded the motion, which the Board passed unanimously.

2. 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 as set forth on the supplemental list. Director Allen made a motion to approve the bills and invoices as recommended by Ms. Phillips. Director Frymire seconded the motion, which the Board passed unanimously. A copy of the list of bills and invoices is attached to these minutes.

3. The Board then considered the AWBD Conference. Ms. Phillips briefly explained the conference to the Board and handed out registration sheets. The Board asked Ms.

Phillips to reserve attendance registrations for 4 directors. ~~The Board decided that individual members should make their own room reservations and seek reimbursement later.~~ The Board decided that Mr. Bilger would reserve a block of rooms for the District.

4. The Board then considered the Developer's Report. Mr. Vaughan gave a brief update on the status of development within the District. No action was taken by the Board.

5. The Board then considered the Utility Operator's Report. Mr. Anderson gave a brief update on the status of development within the District. After discussion, Director Gravell made a motion to authorize Mr. Anderson, on a routine and continuing basis, to write off customers with a past due balance of 90 days and to refer those customers to the collection agency. Director Schwarz seconded the motion, which the Board passed unanimously.

6. The next item to come before the Board was the Manager's Report. Mr. Bilger presented several items for the Board's consideration. First, the Board considered installation of new equipment at Water Well # 1. Mr. Bilger updated the Board on the status of the well. After discussion, Director Schwarz made a motion to authorize Mr. Bilger to contract for up to \$25,000 of work to add pumps and related facilities to the well to make it operational and, in addition, to have Crossroads Utility Services assist with the work. Director Allen seconded the motion, which the Board unanimously approved.

Second, the Board considered the MUD's office building needs. Mr. Bilger recommended the Board remove an interior wall in the building and hire a contractor to build cabinets, a dais and a speaking pedestal. Mr. Bilger also recommended the Board purchase some chairs. Director Gravell made a motion to authorize Mr. Bilger contract as necessary to prepare the building for the District's use and to spend up to \$10,000. Director Allen seconded the motion, which the Board passed unanimously. Mr. Freeman asked Theron and Ellie Vaughan if the improvements to the building, as approved, were acceptable to the Vaughans. They responded that the improvements were acceptable to them.

Next, Mr. Bilger requested the Board authorize Mr. Anderson to enter into contracts with two different companies on the District's behalf to conduct CSI inspections as required by TCEQ rules. Director Gravell made a motion to authorize Mr. Anderson to sign contracts with two different companies on the District's behalf to conduct CSI inspections. Director Allen seconded the motion, which the Board passed unanimously.

7. The Board next considered the Engineer's Report. Jason Jones updated the Board on the status of the JSWSC emergency interconnect. He informed the Board that progress was delayed due to a surveying mistake made by Duff Engineers which mislabeled the location of the parties' water lines, particularly the Jarrell-Schwertner WSC line. He stated the error would cause a \$10,700 increase in the work and he asked the Board to approve this change order in order to avoid risking delaying the contractor's completion of the work which would expose the District to additional damages to the contractor. Upon a motion by Director Gravell and a second by Director Frymire, the Board unanimously approved the change order but indicated that the District should ask Jarrell-Schwertner WSC to assist in getting its engineer to pay for the increase since it was due to its mistake.

Next, Mr. 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 Gravell and a second by Director Frymire:

- a. Pay Estimate 3 (\$176,929.38) for Sonterra West, Section 8-B (JHA Job No. 0061-065);
- b. Pay Estimate No. 4 (\$103,614.57) for Sonterra West, Section 8-B (JHA Job No. 0061-065).

Mr. Jones also gave a brief update on the status of the District's third bond issue and the status of the District's CCN application.

8. The Board then considered the Resolution Authorizing Application to TCEQ for approval of use of District funds for lease-purchase of office building at 113 Limestone Terrace, Jarrell, Texas and the Resolution Authorizing Application to the TCEQ for the District's Bond Issue No. 3. Mr. Freeman briefly explained the Resolutions to the Board. After discussion, Director Frymire made a motion to approve the Resolution Authorizing Application to TCEQ for approval of use of District funds for lease-purchase of office building at 113 Limestone Terrace, Jarrell, Texas and the Resolution Authorizing Application to the TCEQ for the District's Bond Issue No. 3. Director Schwarz seconded the motion, which the Board passed unanimously. Copies of the Resolutions are attached as exhibits to these minutes.

9. The Board then considered the General Counsel's Report. Mr. Freeman presented a resolution to restrict drilling on the District park/detention pond site. After discussion, Director Allen made a motion to adopt the Resolution Restricting Drilling on the District Park/Detention Pond Site. Director Schwarz seconded the motion, which the Board passed unanimously. A copy of the Resolution is attached as an exhibit to these minutes.

10. Next, the Board considered President's Report of the Regional Water Board Study Committee. Director Gravell presented a brief report to the Board. No action was taken by the Board.

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

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Secretary, Board of Directors

(SEAL)