

MINUTES OF REGULAR MEETING
OF
REUNION RANCH WATER CONTROL AND IMPROVEMENT DISTRICT

STATE OF TEXAS §
 §
COUNTY OF HAYS §

The regular meeting of the Board of Directors of Reunion Ranch Water Control and Improvement District, open to the public, was held on February 16, 2016, at 2001 North Lamar, Austin, Texas 78705, pursuant to notice duly given in accordance with law.

1. CALL TO ORDER

The meeting was called to order.

2. ROLL CALL OF DIRECTORS

A roll call of the Directors was taken. The Directors present were Nathan Neese, Vince Terracina, Bubba Sykes and Joel DeSpain, constituting a quorum. Secretary David Bosco was absent.

Also present at the meeting were Michael Slack, Dennis Lozano, Bill Flickinger, Mary Bott, Kristi Hester, Frank Krasovec, Garry Kimball and Jeniffer Concienne.

3. CITIZEN COMMENTS

No citizens were present.

4. MINUTES OF PRIOR MEETING

The minutes of the prior meeting were included in the agenda package for consideration. Motion was made by President Nathan Neese and seconded by Joel DeSpain to approve the minutes of the January 19, 2016 meeting as presented. The motion carried unanimously.

5. DEVELOPER’S REPORT ON STATUS OF CONSTRUCTION WITHIN THE DISTRICT, DEVELOPMENT ENTITLEMENTS, PROVISION OF WATER, WASTEWATER AND DRAINAGE SERVICES WITHIN THE DISTRICT, SALES OF LOTS TO BUILDERS, HOMEBUILDING WITHIN THE DISTRICT, STATUS OF DEVELOPMENT LOANS AND ACTIONS OF THIRD PARTIES OPPOSING OR SUPPORTING DEVELOPMENT WITHIN THE DISTRICT

Michael Slack reported on the sales within the District. There have been 144 homes sold to date. Those sales include 13 homes on 60' lots, 76 homes on 70' lots, 5 on 80' lots and 50 on 90' lots. The average sales price of homes within the District is \$493,794.

Mr. Slack reported they are currently in between sections right now. All others are complete. The lift station is operational and ST has taken over the operations. Frank Krasovec said if the District is in good shape with sales and Mr. Slack stated that they are selling about 6 to 7 per month so he is pleased with that. Joe DeSpain discussed the prices and what they were selling at per foot. Mr. Slack said between \$150 and \$160 per foot, which is a good value.

6. ENGINEER'S REPORT ON STATUS OF CONSTRUCTION WITHIN THE DISTRICT, DEVELOPMENT ENTITLEMENTS, PROVISION OF WATER, WASTEWATER AND DRAINAGE SERVICES WITHIN THE DISTRICT, SALES OF LOTS TO BUILDERS, HOMEBUILDING WITHIN THE DISTRICT AND PAST, PRESENT AND FUTURE BOND ISSUES

Engineer Dennis Lozano reported on the lift station. Excel is still owed over \$240,000 but have not yet billed the District. It is possible that this will get closed out at the March meeting. In regards to the wastewater permit major amendment, it has been at the TCEQ for over a year. As noted previously, a meeting was held with the TCEQ staff to discuss the concern over the nitrogen levels. There was discussion of the process that has already been completed in connection with the submission of the application, such as the first notice being published. Joel DeSpain asked why the levels were high in the first place. Mr. Lozano said it is due to the gallons per day being lower than what was originally included so when the total application rate is calculated, the loading on the drip fields is higher than what it should be. The TCEQ staff recommends withdrawing the application and resubmitting with the recommended changes. This would alleviate the bureaucratic pressure on TCEQ's end and minimize the comments back and forth between the District and TCEQ. Mr. Lozano wanted to run it by the Board and Michael Slack to get their thoughts. Mr. Slack said he needs further time to review and discuss this before any action is taken. Attached to Mr. Lozano's engineering report is a wastewater flow projection chart.

7. AGREEMENT FOR PROFESSIONAL SERVICES SUBMITTED BY MURFEE ENGINEERING SURPLUS FUNDS APPLICATION
8. AGREEMENT FOR PROFESSIONAL SERVICES SUBMITTED BY MURFEE ENGINEERING FOR THE DISTRICT'S 2ND BOND ISSUE

Engineer Dennis Lozano stated he discussed the surplus funds application and the District's 2nd bond issue with Michael Slack, there was no advantage of doing two separate applications to the TCEQ. Instead, the surplus funds will be a line item in the application for the 2nd bond issue. The proposal that was submitted for the 2nd bond issue will need to be revised to include reference that it will also be for the surplus funds from the 1st bond issue. Michael Slack asked about the large amount of surplus and if it can be scaled down on the 2nd issue. Financial Advisor Garry Kimball discussed the surplus was due to the lower interest rates than what was in the application. There was discussion of the time frame for funding the 2nd bond issue. Mr. Lozano said they he would be doing this issue on an expedited review and would probably fund in June or July. After discussion, President Nathan Neese entertained a motion for approval. Motion was made by Vince Terracina

and seconded by Bubba Sykes to approve the Agreement for Professional Services Submitted by Murfee Engineering for the District's 2nd Bond Issue with the inclusion of reference that the surplus bond funds will be included as a line item in the 2nd bond application. The motion carried unanimously.

9. ENGAGEMENT LETTER SUBMITTED BY MAXWELL LOCKE & RITTER FOR SURPLUS FUNDS AUDIT

Jeniffer Concienne reported that this item will no longer be needed and that she will contact Jimmy Romell to obtain an engagement letter for the bond reimbursement audit for the 2nd bond issue when appropriate. No action was needed.

10. RESOLUTION REQUESTING APPROVAL OF SURPLUS BOND PROCEEDS

Attorney Bill Flickinger advised that this Resolution is no longer needed as discussed above.

11. OPERATIONS AND MAINTENANCE REPORT

- A. Administrative
- B. Wastewater Treatment Plant
- C. Wastewater Grinder Stations
- D. Effluent Irrigation System & Fields
- E. Distribution and Collection System

Manager Kristi Hester handed out a summary of operations and discussed same with the Board. Ms. Hester stated that all is quiet and the customers are happy. Mrs. Hester separated the maintenance items and routine items as discussed at last month's meeting. There was discussion on maintenance needed at the wastewater treatment plan. An aerator in the raw treatment process keeps tripping due to debris. Mrs. Hester is recommending pulling the aerator to clear debris, which is estimated at \$3,000. After discussion, motion was made by Joel DeSpain and seconded by Vince Terracina to authorize ST to have the aerator pulled to clean out the debris. The motion carried unanimously. As discussed in the engineer's report, the lift station is now online and ST has taken over on the operations. Due to erosion issues, some of the areas around the drip fields have been regraded. Ms. Hester also reported that the chlorine levels are being monitored and are acceptable. ST will be installing auto flush valves in the new section to help maintain required disinfection levels. This will be put on a timer and then ST will not receive water quality complaints. ST completed 18 customer inspections and set 8 new meters. There were 126 water connections and 130 wastewater connections. Mrs. Hester reported the District incurred a 6% water loss in January.

12. CONTRACT FOR ELECTION SERVICES & JOINT ELECTION AGREEMENT

Attorney Bill Flickinger discussed the contracts with the Board. Hays County will conduct the election for the District. The election will be held on May 7, 2016. If the election is not needed and can be cancelled, there may be a minimal fee. The Joint Election Agreement will be completed once all the entities holding elections are known. After discussion, President Nathan Neese entertained a motion for approval. Motion was made by Vince Terracina and seconded by Joel DeSpain to approve the Contract for Election Services as presented and enter into a Joint Election Agreement if needed. The motion carried unanimously.

13. ORDER CALLING DIRECTOR'S ELECTION AND RELATED DOCUMENTS

Attorney Bill Flickinger discussed the directors election to be held on May 7, 2016. The election must be called by February 19th. Two directors are up for election, being Vince Terracina and Bubba Sykes. Those directors have completed and provided an Application for Place on the Ballot to Jeniffer Conciene. If the election is not contested, then it can be cancelled at the next board meeting. Mr. Flickinger stated that the exhibits will be added to the Order once the polling locations have been decided. After discussion, motion was made by President Nathan Neese and seconded by Bubba Sykes to adopt the Order Calling Director's Election as presented. The motion carried unanimously.

14. RESOLUTION AUTHORIZING SECRETARY'S APPOINTMENT OF AGENT TO PERFORM DUTIES DURING ELECTION PERIOD

Attorney Bill Flickinger stated that the Board Secretary can appoint our office to perform the duties of the Secretary in connection with the election, which include having the office open at least three hours per day during regular business hours during a certain time period. After discussion, President Nathan Neese entertained a motion for approval. Motion was made by Bubba Sykes and seconded by Vince Terracina to adopt the Resolution Authorizing Secretary's Appointment of Agent to Perform Duties During Election Period. The motion carried unanimously.

15. BOOKKEEPER'S REPORT ON THE FINANCIAL AFFAIRS OF THE DISTRICT, INCLUDING AUTHORIZATION OF PAYMENTS OF BILLS

Mary Bott Douthitt discussed the financials with the Board and presented an updated cash activity report. Mrs. Bott will void the per diem for David Bosco due to his absence today. Mrs. Bott discussed the items to be considered today. In regards to the District's taxes, 91% has been collected through the end of January. The District is running on a positive variance mainly due to the taxes being collected faster than anticipated. After discussion, motion was made by President Nathan Neese and seconded by Vince Terracina approve payment of the per diems and invoices as presented. The motion carried unanimously.

16. APPROVAL OF CONSTRUCTION PLANS AND PAY ESTIMATES, CHANGE ORDERS AND ACCEPTANCES OF COMPLETION WITH RESPECT TO CONSTRUCTION CONTRACTS


This is a standing item and there was no discussion.

17. ADVERTISEMENT FOR BIDS AND APPROVAL, AWARD, RECOMMENDATION AND ADMINISTRATION OF CONSTRUCTION CONTRACTS

This is a standing item and there was no discussion.


18. ADJOURN

President Nathan Neese adjourned the meeting.



Vince Terracina, Vice President
Reunion Ranch WCID

ATTEST



George S. Sykes, Jr., Assistant Secretary
Reunion Ranch WCID

[SEAL]