

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 May 17, 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 and Bubba Sykes, constituting a quorum. Secretary David Bosco and Assistant Secretary Joel DeSpain were absent.

Also present at the meeting were Michael Slack, Dennis Lozano, Frank Krasovec, Bill Flickinger, Allen Douthitt, Kristi Hester, Jason Tyler 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 Vince Terracina and seconded by George Sykes to approve the minutes of the April 19, 2016 meeting as presented. The motion carried unanimously.

5. STATEMENTS OF ELECTED OFFICERS, OATHS OF OFFICE AND CERTIFICATES OF ELECTION

Attorney Bill Flickinger reiterated that the director's election was cancelled due to no contest and it is now time to swear in Vince Terracina and Bubba Sykes for another 4-year term. Jeniffer Concienne had each of them raise their right hand and swore them into office.

6. ELECTION OF OFFICERS

Attorney Bill Flickinger reported that the Water Code requires election of officers after each election. There was discussion of the current officers. After discussion, motion was made

by Bubba Sykes and seconded by President Nathan Neese to keep the officers the same. The motion carried unanimously.

7. 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

Developer Michael Slack reported on the sales within the District. There has been a total of 160 homes sold to date. The breakdown is as follows: 20 homes sold on 60' lots, 78 sold on 70' lots, 12 sold on 80' lots and 50 sold on 90' lots. The average sales price of homes within the District is \$495,058. Mr. Slack reported that the City of Dripping Springs is addressing Phase 3, Section 1 and submitted its comments. The TCEQ has yet to submit its comments. Mr. Slack discussed advantages of deeding over common areas, such as the amenity center and ponds and the appropriate time to do so. Attorney Bill Flickinger said that there a property tax advantage if the common areas are deeded to the District. Once the ponds are deeded, ST can take them over for operation and maintenance. President Nathan Neese pointed out that if the City of Dripping Springs annexes the District, then all will be owned by the City. Mr. Flickinger indicated that Mr. Slack can start identifying the areas to be conveyed and we can move forward from there.

8. 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 that he is still planning on submitting the bond application this month. In connection with the lift station, the final pay estimate and acceptance will be discussed later on in the agenda. Mr. Lozano discussed the wastewater permit. He is still waiting on some sampling, which has been hugely beneficial as the nitrogen levels have gone down. The revised application will be submitted within the next 60-days. Mr. Lozano explained the differences between when the first application was submitted and now this one. The big difference is the plant is operating better now due to it not being so new and there is steady flow now. Mr. Lozano stated that he is meeting with Danny at Taylor Morrison on changing the right-of-way in connection with the effluent. They will be looking at how to handle this in connection with the drip fields.

9. RULEMAKING PROCEEDING AT TCEQ REQUESTED BY CITY OF AUSTIN TO AMEND TCEQ RULES IN 30 TAC CHAPTERS 222 AND 309 – REUSE OF TREATED WASTEWATER

Attorney Bill Flickinger reported that the TCEQ Commissioners directed the staff to proceed with the rulemaking procedures for reuse of treated wastewater. Mr. Flickinger stated that he sent a letter to the TCEQ on behalf of the District to show its support for the reuse of treated

wastewater. Engineer Dennis Lozano stated that it will be very beneficial for the District if these new rules pass.

10. CONSIDERATION AND ACTION WITH RESPECT TO “RESOLUTION AUTHORIZING APPLICATION TO THE TEXAS COMMISSION ON ENVIROMENTAL QUALTY FOR APPROVAL OF ENGINEERING PROJECT AND \$3,700,000 REUNION RANCH WATER CONTROL AND IMPROVEMENT DISTRICT BOND ISSUE”

Attorney Bill Flickinger discussed the Resolution as included in the agenda package. Engineer Dennis Lozano reported that the bond attorney and he are ok with the Resolution as well. Michael Slack inquired about the surplus funds. After discussion, motion was made by Vince Terracina and seconded by President Nathan Neese to adopt the Resolution Authorizing Application to the Texas Commission on Environmental Quality for Approval of Engineering Project and \$3,700,000 Reunion Ranch Water Control and Improvement District Bond Issue as presented. The motion carried unanimously.

11. ANY OTHER ACTIONS AND DOCUMENTS NECESSARY OR CONVENIENT, OR BOTH, FOR THE DISTRICT’S 2ND BOND ISSUE

No further discussion was had.

12. OPERATIONS AND MAINTENANCE REPORT

- A. Administrative
- B. Wastewater Treatment Plant
- C. Wastewater Grinder Stations
- D. Effluent Irrigation System & Fields
- E. Distribution and Collection System
- F. Update TCEQ Disinfection Monthly Report

Manager Kristi Hester discussed her newly formatted report as included in the agenda package. The Board liked the new format. Mrs. Hester introduced Jason Tyler from ST. Mr. Tyler was here to discuss that the District exceeded its total suspended solids allowance for a 30-day average. ST is taking weekly samples. ST flushed the tank, but that did not work. Mr. Tyler is recommending entry into the tank and having it vacuumed out. Mrs. Hester stated that this matter has been reported to the TCEQ as required. This process should take several days to complete. The plant is running on 28% capacity. In regards to the water accountability, the current average is 98.5%. Engineer Dennis Lozano discussed revising the connection count due to low flow. The number used when planning was 350.

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

Bookkeeper Allen Douthitt discussed the financials and fund transfer with the Board and presented an updated cash activity report. Mr. Douthitt will void the per diems for David Bosco and Joel DeSpain due to their absence. The budget is well ahead of schedule due to service fee revenues. The District's taxes are 98% collected, leaving about \$7,000 outstanding. After discussion, motion was made by President Nathan Neese and seconded by Bubba Sykes to approve payment of the per diems, invoices and fund transfer from the tax account to the operating account as presented. The motion carried unanimously.

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

Developer Michael Slack and Engineer Dennis Lozano discussed the following pay estimate:

Pay Estimate No. 8/Final in the amount of \$52,272.00 in connection with Reunion Ranch Lift Station No. 1 submitted by Excel Construction Services, LLC.

Bubba Sykes disclosed that his company works with Excel.

After discussion, President Nathan Neese made a motion for approval and that motion was seconded by Vince Terracina to approve payment of the foregoing final pay estimate and accept Lift Station No. 1 for operation and maintenance. The motion carried unanimously.

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

This item was not discussed.

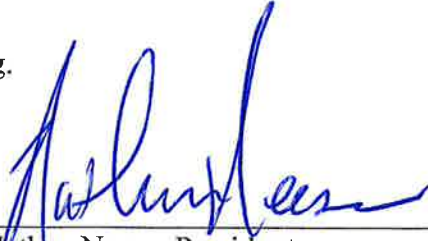
16. RESOLUTION ESTABLISHING OFFICES, MEETING PLACES AND REGULAR MEETING TIMES

Attorney Bill Flickinger discussed the Resolution as included in the agenda package. The law firm will be moving its office to the Hill Country Galleria, however, Mr. Flickinger has made arrangements with the owner of this building at 2001 North Lamar to still conduct the board meetings here but in a different conference room. The Resolution was revised to add the new office at the Hill Country Galleria and to include the new conference room at 2001 North Lamar. The Resolution will be filed with the TCEQ and published in the San Marcos Daily Record as required. 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 Establishing Offices, Meeting Places and Regular Meeting Times as presented. The motion carried unanimously.

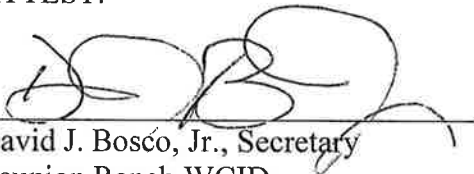
17. ADJOURN

President Nathan Neese adjourned the meeting.



Nathan Neese, President
Reunion Ranch WCID

ATTEST:



David J. Bosco, Jr., Secretary
Reunion Ranch WCID

