

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 20, 2014, 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, David Bosco and Bubba Sykes, thus constituting a quorum. Vince Terracina and Joel DeSpain were absent.

Also present at the meeting were Michael Slack, Dennis Lozano, Bill Flickinger, Mike Willatt, Jeniffer Concienne, Mary Bott, Scott Manuel and Garry Kimball.

Jeniffer Concienne conducted the meeting.

3. CITIZEN COMMENTS

There were no citizen comments.

4. MINUTES OF PRIOR MEETING

The minutes of the prior meeting were included in the agenda package for consideration. Motion was made by Bubba Sykes and seconded by President Nathan Neese to approve the minutes of the April 15, 2014 meeting as presented. The motion carried unanimously.

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

Jeniffer Concienne advised that it was time to swear in Nathan Neese, David Bosco and Joe DeSpain. Mrs. Concienne swore Nathan Neese and David Bosco into office as they swore to their Statements of Elected Officer and Oaths of Office. Mrs. Concienne also presented Mr. Neese and Mr. Bosco with their Certificates of Election.

6. ELECTION OF OFFICERS

Jeniffer Concienne explained that the Election Code requires election of officers after an election or change on the Board. The Board indicated that they are satisfied with the current positions. President Nathan Neese entertained a motion for approval. Motion was made by Bubba Sykes and seconded by President Nathan Neese to keep the current 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

Michael Slack reported on the development of the District. There were 65 sales to date, being 34 of those on 70' lots and 31 on 90' lots. The average home price is in the range of \$492,415. All phases down to the creek are fully developed. Mr. Slack said that before the next phase can be completed, they will run out of inventory. There was discussion of the amenity center and that it should be done by next summer.

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 explained that the District has entered into the notice period in connection with the wastewater treatment plant permit. It will be 60-75 days before the permit is back in hand. Mr. Lozano discussed consolidating the permit to only the Plant A. Bubba Sykes asked if only one plant will be able to have enough capacity to serve the other side of the District across the creek. Mr. Lozano explained with all of the water conservation measures and other factors, it will allow the District to use 100% of the plant instead of half of each plant. There is really no need for two plants in a 520 lot subdivision. However, the 2nd phase of the Plant A will need to be utilized, but it will be in the same location. He will have a preliminary plan in the next agenda package on this issue. There was discussion of the recent rainfall and if the lakes were impacted. Mr. Lozano said not too much.

9. ALL ACTIONS AND DOCUMENTS NECESSARY OR CONVENIENT FOR THE DISTRICT'S 1ST BOND ISSUE

The District's financial advisor, Garry Kimball discussed and presented the Assessment Roll for the District. Currently, the District is valued at \$22.4 million, which is a very good amount. It

is time to direct the engineers to move forward in preparing a bond application to the TCEQ to not exceed a bond issue amount more than \$3.5 million. Motion was made by President Nathan Neese and seconded by Bubba Sykes to authorize the District's engineers to proceed with preparing a bond application for submission to the TCEQ, not to exceed a \$3.5 million issue. The motion carried unanimously. The Board then discussed the bond issue process with the TCEQ and when the bonds could be sold. Mr. Kimball thinks around the April/May 2015 timeframe. The Board also discussed the tax rate the District will need to impose this year and the process of doing so. Michael Slack stated that he would like to match the Belterra tax rate. Mr. Slack asked about which reimbursables can be paid. Attorney Mike Willatt reported that the engineers will determine and discuss what reimbursables should be done first.

10. OPERATIONS AND MAINTENANCE REPORT

Scott Manuel discussed the report as included in the agenda package and the supplement. There was a 7% water loss this period. They have started hauling sludge from the plant to maintain an acceptable sludge age due to the lack of a digester. Mr. Manuel reported that a walk-thru in Section 1C was performed in connection with the distribution and collection system and no issues were identified. There were 11 new meters installed for new homes. Michael Slack asked if the required sampling has begun in the irrigation/drip field. Mr. Manuel advised that it had not, but will do so in June. He stated that there were some issues in the drip field that delayed the sampling.

11. PUBLIC HEARING ON DROUGHT CONTINGENCY PLAN

Attorney Bill Flickinger advised that the District only needs to hold a public hearing if the Drought Contingency Plan was being amended. At this time, it is not necessary to hold the public hearing.

12. AMENDMENT TO DROUGHT CONTINGENCY PLAN

Scott Manuel asked the Board how aggressive do they want to be on water conservation measures. Michael Slack asked if there were a lot of violators at this time. Mr. Manuel said it was hard to tell. Mr. Slack asked if ST has sent a letter on following the Drought Contingency Plan and Mr. Manuel advised that he has not yet sent the letter. Mr. Slack asked that he get the letter out soon.

There was discussion of allowing the District's Manager, Scott Manuel to grant variances in connection with filling of swimming pools and dust control. Attorney Bill Flickinger advised that once variances are granted, it is important to stay consistent with the variances. After discussion, motion was made by David Bosco and seconded by President Nathan Neese to allow the District's Manager, Scott Manuel to grant variances as needed and to include a report to the Board on the variances. The motion carried unanimously.

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

Mary Bott discussed the financials as included in the agenda package, along with the updated cash activity report. Ms. Bott will void the per diem checks for Vince Terracina and Joel DeSpain. Ms. Bott reported that the District has sufficient collateral on hand in connection with the District's funds. The District is running at a \$4,800 positive variance to budget. Overall the District is looking good. There was discussion of the fact that the PUA approved a 20% drought surcharge on volumetric water fees, which is effective immediately. The current fee is \$2.08 and will be increased to about \$2.50. Michael Slack asked if the District should increase its rates to recover the costs? The PUA increase is geared to temporary drought measurements. The District's rate order will be placed on the next agenda for further discussion. After discussion, motion was made by President Nathan Neese and seconded by Bubba Sykes to approve payment of the per diems, invoices and transfer to the bookkeeper's 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

Michael Slack discussed and recommended approval of the following pay estimates and change order:

- Pay Estimate No. 8W in the amount of \$67,863.06 in connection with the Reunion Ranch Phase 1B - Water, Wastewater and Drainage Improvements submitted by DNT Construction.

This pay estimate closes out the Phase 1B project.

- Pay Estimate No. 3WR in the amount of \$49,090.50 in connection with the Reunion Ranch Phase 1C - Water, Wastewater and Drainage Improvements submitted by DNT Construction; and
- Pay Estimate No. 4W in the amount of \$11,965.50 in connection with the Reunion Ranch Phase 1C - Water, Wastewater and Drainage Improvements submitted by DNT Construction; and
- Change Order No. 2 in the amount of \$3,390.00 in connection with the Reunion Ranch Phase 1C - Water, Wastewater and Drainage Improvements submitted by DNT Construction.

The foregoing pay estimates for Phase 1C almost brings it to 100% completion. The change order is in connection with raising a relocating manhole.

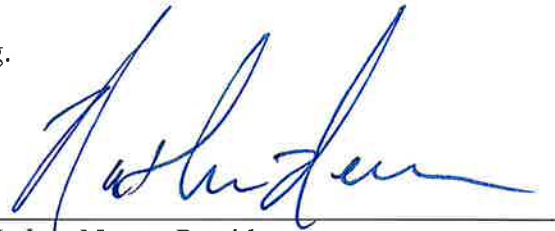
After discussion, motion was made by Bubba Sykes and seconded by David Bosco to approve the pay estimates and change order as presented. The motion carried unanimously.

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

This is a standing item. There was no discussion.

16. ADJOURN

President Nathan Neese adjourned the meeting.



Nathan Neese, President
Reunion Ranch WCID

ATTEST:



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

