

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 21, 2013, 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 Todd Janssen, David Bosco, Bubba Sykes and Nathan Neese, thus constituting a quorum. Vice President Vince Terracina was absent.

Also present at the meeting were Michael Slack, Mike Willatt, Jeniffer Concienne, Allen Douthitt and Scott Manuel.

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. President Todd Janssen entertained a motion for approval. Motion was made by George Sykes and seconded by David Bosco to approve the minutes of the April 16, 2013 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 that they are done with all improvements. The retainage will be released on the wastewater treatment plant and water and drainage projects. However, the retainage

will be held on the water line project due to the creek cleanup. A pre-construction meeting with the contractor will be held tomorrow on Phase 1B. Mr. Slack mentioned that a few weeks ago, the sales were at 16, but he knows a few more homes have sold since that time. There was discussion of the progress on the amenity center. That project is being worked on now and it is hoped that construction will begin in December/January with an opening in May, 2014. The HOA will own the amenity center. Mr. Slack also stated that the bridge work and next phases are likely to be developed sooner rather than later. They will start the engineering on those projects soon. Frank Krasovec asked about the plan on starting the upper portion of the development, which are the tracts that he retained. Mr. Slack indicated it might be around late summer of 2014. There was discussion on the demand on 90' lots versus 70' lots. At first the demand was higher for the larger lots, but it has now equaled out. Director Bubba Sykes inquired about sales. In March and April there was a spike in sales but it has now leveled out as well. Mr. Slack mentioned that there was a problem with the master meter not functioning correctly. He has a meeting on that issue next week and will follow-up with the Board at its next meeting.

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 George Murfee had nothing further to add as Michael Slack covered it all.

7. MANAGER'S REPORT

Scott Manuel discussed the Operations and Maintenance Report as included in the agenda package. The District currently has 16 water connections. Water is being stored in the plant. No pump and haul is needed. A public water system number for the District has been obtained through the TCEQ. Once there are 12 connections, he will advise the TCEQ that the plant is up and running and the TCEQ will start their inspections at the appropriate time. Mr. Manuel stated that there has not been a lot of activity so far. Michael Slack reported on soil sampling needed along the creek. These samples are required by the TCEQ. There will be three stations installed for this testing. Base line samples out of the drip fields will need to be done prior to use. The estimated cost for this sampling will be approximately \$1,700 per year. There was discussion of the required meter sizes in connection with the Utilities Facilities Agreement. Scott Manuel will confirm the meter sizes and report back to Michael Slack and George Murfee.

8. INSURANCE COVERAGE FOR WASTEWATER TREATMENT PLANT AND LIFT STATIONS

Attorney Mike Willatt reported that the new insurance policies have been received and that Director Bubba Sykes reviewed them in detail. Bubba Sykes addressed the Board on his review of the policies. The policies runs through November, at which time they all will come up for renewal.

Mechanical breakdown coverage, which would be for sudden or accidental issues are not covered and the Board might want to add this. Pollution is also not covered and it might be a good idea to get a quote on this as well. Overall these policies are fine. However, he will be contacting AquaSurance on a few questions.

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

Allen Douthitt discussed the financials and the updated cash activity report. Mr. Douthitt indicated that he has paperwork from the bank that needs to be redone in connection with collateralized funds. President Todd Janssen entertained a motion for approval. Motion was made by Nathan Neese and seconded by President Janssen to approve payment of the per diems and invoices as presented. The motion carried unanimously.

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

Michael Slack discussed the change orders and pay estimate as included in the package. Mr. Slack also had another pay estimate that was not included in the package. President Janssen reviewed that pay estimate in detail. After discussion, motion was made by President Todd Janssen and seconded by Bubba Sykes to approve the following change orders and pay estimates:

- Pay Estimate No. 10 (Revised) in the amount of \$29,335.50 in connection with the RR Phase 1A - Water, Wastewater and Drainage submitted by Nelson Lewis Inc.; and
- Pay Estimate No. 11 in the amount of \$154,304.90 in connection with the RR Phase 1A - Water, Wastewater and Drainage submitted by Nelson Lewis Inc.; and
- Payment Estimate No. 9 in the amount of \$190,647.40 in connection with Reunion Ranch Wastewater Treatment Plant submitted by Waste Water Solutions

The motion carried unanimously.

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

Michael Slack reported on the bids received on Phase 1B Water, Wastewater and Drainage Improvements. There was a total of four (4) bids received. DNT Construction was the low bidder. After discussion, President Todd Janssen entertained a motion for approval. Motion was made by Bubba Sykes and seconded by Nathan Neese to approve award of contract for Phase 1B Water,

Wastewater and Drainage Improvements to DNT Construction as recommended. The motion carried unanimously.

12. AMENDMENT OF WHOLESALE WATER CONTRACT WITH WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

Attorney Mike Willatt reported that Michael Slack is on the wholesale committee with the West Travis County PUA to set rates. Michael Slack reported on the process of the PUA setting a minimum monthly charge to the customers. For the newer district, the fee will be back loaded and will increase in time. That way, these newer districts get help in the early years. The minimum fee will be based on the water reservation. The District wants to increase the reservation that it currently has. The District will be asking for an additional 44 LUEs. It currently has 480 LUEs reserved. Murfee Engineering will help amendment this agreement with the PUA. No action is needed until the PUA decides how they are going to handle this matter, which may be at its next meeting on June 6th.

13. AGREEMENT FOR THE PROVISION OF LIMITED PROFESSIONAL SERVICES IN CONNECTION WITH LCRA RAW WATER CONTRACT AMENDMENT AND CURTAILMENT PLAN

Murfee Engineering submitted an agreement to provide services in connection with the amendment of the raw water contract and the curtailment plan. After discussion, motion was made by President Todd Janssen and seconded by Bubba Sykes to accept and approve the Agreement for the Provision of Limited Professional Services submitted by Murfee Engineering in connection with LCRA Raw Water Contract Amendment and Curtailment Plan as submitted. The motion carried unanimously.

14. PREPAYMENT OF WEST TRAVIS COUNTY-PUA IMPACT FEES AND RECEIPT OF REIMBURSEMENTS FOR PHASES I, II AND III OF THE LCRA WATER LINE

There was discussion of the reimbursements owed in connection with the Phases I, II, III and IV of the LCRA water line. The Phase IV line was just built and will need to be accepted, but there is the issue of the creek cleanup. Michael Slack would like to get all the reimbursements done at the same time as paying for the impact fees. Mr. Slack and Stephanie Albright have discussed this option. Ms. Albright indicated to Mr. Slack about having a letter agreement spelling out all these issues. Mr. Slack will follow-up with Ms. Albright. There was also discussion of Taylor Morrison or the District cutting the check for the impact fees. There needs to be a clear paper trail for future reimbursement. Attorney Mike Willatt will review the reimbursement agreement and get with Michael Slack on same. After discussion, motion was made by President Todd Janssen and seconded by Nathan Neese to authorize Taylor Morrison to write a check to the West Travis County PUA for prepayment of the impact fees and to receive reimbursements for Phases I, II, III and possible IV of the LCRA water line. The motion carried unanimously.

15. AGREEMENT FOR THE PROVISION OF LIMITED PROFESSIONAL SERVICES IN CONNECTION WITH TCEQ 210 AUTHORIZATION APPLICATION

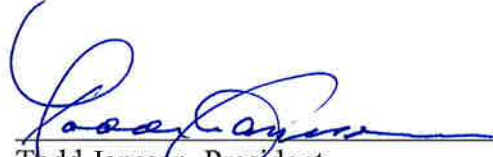
Michael Slack discussed the possibility of obtaining a 210 permit for irrigation purposes. Engineer George Murfee said it was a good idea, but it will just need some work to get it done. If the 210 permit is not obtained, the District will have to irrigate with potable water. After discussion, motion was made by David Bosco and seconded by President Todd Janssen to accept and approve the Agreement for Provision of Limited Professional Services submitted by Murfee Engineering in connection with TCEQ 210 Authorization Application. The motion carried unanimously.

16. APPLICABILITY OF §49.052, WATER CODE TO THE DISTRICT'S DIRECTORS

Attorney Mike Willatt reported on the applicability of Section 49.052, Texas Water Code dealing with directors doing work with the developer. The code states that an employee of an engineering firm doing work for the developer cannot be a director. In that case, if Bury Partners contracts with Taylor Morrison, Todd Janssen will be disqualified as a director. President Todd Janssen indicated that he plans to pursue that option and will submit his resignation.


17. ADJOURN

President Todd Janssen adjourned the meeting.



Todd Janssen, President
Reunion Ranch WCID

ATTEST:



David J. Bosco, Secretary
Reunion Ranch WCID

