

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

STATE OF TEXAS §
 §
COUNTY OF HAYS §

A regular meeting of the Board of Directors of Reunion Ranch Water Control and Improvement District, open to the public, was held at 2:00 p.m. on June 19, 2018 at Willatt & Flickinger, PLLC, 12912 Hill Country Blvd., Ste. F-232, Austin, Texas 78738, 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 – President
Vince Terracina – Vice President
Thomas J. Rogers, Jr. - Secretary
Dennis Daniel – Assistant Secretary

thus, constituting a quorum. Assistant Secretary George “Bubba” Sykes was absent.

Also, present at the meeting were Bill Flickinger, Matt McPhail and Jeniffer Concienne with Willatt & Flickinger, PLLC, Dennis Lozano with Murfee Engineering, Allen Douthitt with Bott & Douthitt, Kristi Hester with Inframark, LLC, Mike Moyer with Taylor Morrison and Frank Krasovec.

3. CITIZEN COMMENTS

No citizens were present.

4. MINUTES OF PRIOR MEETINGS

Jeniffer Concienne stated that the Minutes were included in the agenda package for consideration. President Nathan Neese entertained a motion for approval. Motion was made by Vince Terracina and seconded by Tom Rogers to approve the May 15, 2018 meeting Minutes 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 SERVICE 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

Mike Moyer discussed the homebuilding metrics within the District. 280 homes have been sold to date. The lots sold to date are as follows: 69 60' lots, 114 70' lots, 45 80' lots and 52 90' lots. The average appraised value within the District is \$505,866.

Mr. Moyer reported that Phase 3 Section 2 has been paved. Phase 2 Section 4 was open to sales last week. The balance of Phase 3 Section 5 will open for sales this weekend. Mr. Moyer also reported that the last phase is under design and construction will take approximately 18 months.

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

Mike Moyer presented and recommended approval of the following pay estimates. Engineer Dennis Lozano concurred with Mr. Moyer's recommendation.

Pay Estimate No. 7 in the amount of \$5,977.80 in connection with Reunion Ranch Phase 2, Section 4 submitted by Central Road and Utility, Ltd.; and

Pay Estimate No. 6 in the amount of \$12,881.70 in connection with Reunion Ranch Phase 3, Section 2 and Phase 3, Section 5 submitted by JKB Construction Company, LLC; and

Pay Estimate No. 7 in the amount of \$19,147.50 in connection with Reunion Ranch Phase 3, Section 2 and Phase 3, Section 5 submitted by JKB Construction Company, LLC.

After discussion, motion was made by Vince Terracina and seconded by President Nathan Neese to approve payment of the foregoing pay estimates as presented. The motion carried unanimously.

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

This item is a standing item and no discussion was had.

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 discussed his report as included in the agenda package.

Mr. Lozano updated the Board on the status of construction on the multiple phases within the District.

The TLAP Major Amendment Application is in technical review at the TCEQ. His office is responding to comments from the TCEQ via e-mail and telephone conferences. Mr. Lozano believes that the draft permit is close to being issued.

The draft bond application has been submitted to all parties for review and comment. The projects anticipated for reimbursement include the remaining amounts left from the previous bond issue for Phase 2 Section 2, Phase 2 Section 3 and the lift station. Mr. Lozano believe that he will be ready to submit the bond application by the end of the month.

Mr. Lozano discussed the slight change in the wastewater flow projections. The need for the expansion completion moved from July 2022 to August 2022. This change could just be a seasonal change.

There was discussion of the possibility of having to TV the utility facilities. Mr. Lozano would also like to create a GIS map for District wide uses. This type of map will be very valuable to the District. It will include all the water, wastewater and drainage infrastructure. Manager Kristi Hester advised the map would be very beneficial to Inframark as well. Vice President Vince Terracina inquired about the cost of creating a GIS map. The cost would be approximately \$20,000. There are additional costs involved, such as hosting the map. Director Dennis Daniel believes that surplus funds could be used for this project. After discussion, Mr. Lozano will bring a proposal to the Board for the GIS map, along with a timeframe for completion.

9. ALL ACTIONS AND DOCUMENTS NECESSARY OR CONVENIENT, OR BOTH, FOR THE DISTRICT'S 4TH BOND ISSUE

This item was discussed above.

10. TRAIL SYSTEM WITHIN THE DISTRICT; MAP OF THE DISTRICT/HOA PROPERTY

Director Dennis Daniel stated that he would like to have a map of the District/HOA property, including the trail system so that towards the end of the development, he will know what the District takes on and what the HOA takes on. This would include reclaimed irrigation plans and the location of the distribution pipes. This information would also be helpful to the District's

landscaper. Engineer Dennis Lozano stated that it would be good to know where the trails are located within the easements. Mr. Daniel also wants to know what the District's assets are.

11. OPERATIONS AND MAINTENANCE REPORT

- A. Administrative
- B. Wastewater Treatment Plant
- C. Wastewater Grinder Stations
- D. Effluent Irrigation System & Fields
- E. Distribution & Collection System
- F. Billing Adjustments
- G. Delinquencies
- H. Customer Meter Issues
- I. Customer Complaints
- J. Stormwater conveyance and pond maintenance
- K. Landscaping
- L. Notices to residents on water quality

Manager Kristi Hester presented a summary report. In regard to the wastewater treatment plant, 954,000 gallons was treated in the month of May. Inframark is in the process of reviewing all the asset lists including the pumps and motors and ranking the equipment for budget purposes. Mrs. Hester discussed the odor complaints at the plant. The odor control system timers have been increased to run from 9:00 a.m. to 10:00 p.m. The odor control solution was also increased. This should eliminate the complaints. Director Dennis Daniel discussed the numerous complaints about the odor at the HOA meeting. Inframark completed the preventive maintenance on the irrigation pumps and changed the filters.

Mrs. Hester discussed the repairs to the drip fields. One of the zones was saturated from potable water irrigation and slope, which is located by the wastewater plant. Inframark will contact the HOA and their landscaper to shut down the zones closest to the fields to see if that will dry up the area. This could be a possible write-up from the TCEQ if it were inspected.

The annual valve and fire hydrant survey is scheduled to begin in July.

Mrs. Hester discussed an overflow from a manhole on Katie Drive. This is the second overflow on Katie Drive in six months. The line was jetted and cleared. The line was stopped up with rocks, pieces of PVC and grease. This overflow was not required to be reported to the TCEQ. Mrs. Hester recommends jetting the entire Katie Drive line down to Jacksaw to the lift station. The estimated cost will be \$2,500. After discussion, President Nathan Neese entertained a motion for approval. Motion was made by Dennis Daniel and seconded by Vince Terracina to authorize Inframark to jet the entire Katie Drive line as recommended. The motion carried unanimously.

Mrs. Hester also discussed the manager's report as included in the agenda package. There is a total of 289 connections, 280 of which are residential. The average monthly water consumption for residential use is 14,504 gallons. Total water receivables for the month of May was \$50,509. The delinquencies for May are as follows: four letters were mailed out, one door tag was hung and there was no disconnects for non-payment.

Mrs. Hester reported on the water quality monitoring. Once again, all levels are trending well. The water accountability is back up at 95.7%.

The wastewater plant is operating at 62% capacity and is in full compliance. The capacity level is higher than expected, which could be due to the misters at the wastewater plant running into the basin.

Director Dennis Daniel asked if more detail can be put on the water bills, such as the wastewater components. Mrs. Hester will look into this request and let him know.

12. EXPENDITURES, CONTRACTS, REPAIRS, REPLACEMENTS AND MAINTENANCE RELATED TO OPERATIONS AND MAINTENANCE REPORT IN ITEM 11 ABOVE

This item was not discussed.

13. PROCEDURES FOR INDIVIDUAL DIRECTORS' CONTACTING VENDORS DIRECTLY

Attorney Bill Flickinger discussed individual directors contacting the District's consultants directly. After discussion, the Board agreed that all communication with consultants should go through the attorney's office.

14. ORDER ESTABLISHING WATER AND WASTEWATER SERVICE RATES, CHARGES, TAP FEES AND SOLID WASTE DISPOSAL/RECYCLING FEES AND ADOPTING GENERAL POLICIES WITH RESPECT TO THE DISTRICT'S WATER, WASTEWATER AND DRAINAGE

Attorney Bill Flickinger reported that he has reviewed the current rate order to be sure that the inspection fees are being covered by Inframark's new management contract.

Director Dennis Daniel inquired about the provision relating to the fact that if a residential customer does not have an acceptable history of water usage during the preceding winter averaging months, then the customer's monthly sewer bill shall be calculated based upon the current monthly water usage or on the basis of 10,000 gallons water usage per month, whichever is less. Depending on the time of year, Mr. Daniel believes that is not fair to the customer and proposes that the 10,000 gallons be reduced to 3,000 to 4,000 gallons. After discussion of the possible impact to the budget, President Nathan Neese entertained a motion. Motion was made by Dennis Daniel and seconded by Tom Rogers to reduce the minimum 10,000 gallons to 4,000 per month for winter averaging purposes. The motion carried unanimously. Manager Kristi Hester advised this will be effective the next billing cycle.

15. CONTRACT WITH AQUATIC FEATURES, INC.

Attorney Matt McPhail discussed the proposed Pond Maintenance Agreement with Aquatic Features, Inc. The Agreement includes maintenance of the three water quality ponds at a cost of \$550 per month, plus the monthly cost of chemicals. This Agreement can be cancelled by either party with thirty (30) days written notice. After discussion, President Nathan Neese entertained a motion for approval. Motion was made by Dennis Daniel and seconded by Tom Roger to approve the Pond Maintenance Agreement as presented. The motion carried unanimously.

16. CONTRACT WITH ZANE FURR

Attorney Matt McPhail discussed the proposed Landscape Maintenance Agreement with Zane Furr. Manager Kristi Hester discussed the latest changes to the fees. The annual budget for the landscaping will be \$28,800. After discussion, President Nathan Neese entertained a motion for approval. Motion was made by Vince Terracina and seconded by Tom Rogers to approve the Landscape Maintenance Agreement with Zane Furr. The motion carried unanimously.

17. BOOKKEEPER'S REPORT ON THE FINANCIAL AFFAIRS OF THE DISTRICT, INCLUDING AUTHORIZATION OF PAYMENT OF BILLS

Bookkeeper Allen Douthitt presented and discussed the updated cash activity report with the Board. Today's consideration will include payment of vendor invoices, per diems, three bond payments and authorization of three fund transfers. The per diem for Director Bubba Sykes will be voided due to his absence. The District's budget is trending ahead of plan due to the new connections and service revenue. 98.6% of the taxes have been collected to date. Mr. Douthitt reported that the bond payments are due on August 15th. These payments are for the 2015, 2016 and 2017 bond issues for P&I. Director Dennis Daniel asked Mr. Douthitt if he could provide the projected cash flow for the District for the next five years. Mr. Douthitt reported that he would get that information to him once the certified numbers are in and he has more detail. This information will be included in the budget process. After discussion, President Nathan Neese entertained a motion for approval. Motion was made by Vince Terracina and seconded by Tom Rogers to approve payment of the vendor invoices, per diems and bond payments as discussed and authorize the fund transfers for tax collection, debt service and capital projects. The motion carried unanimously.

18. ANNUAL BUDGET

19. TAX RATE

Items 18 & 19 were discussed together. Attorney Bill Flickinger advised these are just general items and that the budget and tax rate period will begin next month. If the Board wishes to, it can appoint a committee to work on this.

20. BANK ACCOUNT SECURITY

President Nathan Neese announced that the Board of Directors will now go into closed session for consultation with the District's attorneys pursuant to Sections 551.071 of the Texas

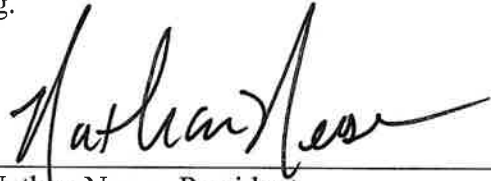
Government Code regarding matters related to Agenda Item No. 20. The Board went into closed session at 3:08 p.m.

At 3:17 p.m., President Neese announced that the Board of Directors has concluded its closed session and is returning to open meeting, and that no action was taken during the closed session.

The Board authorized Bookkeeper Allen Douthitt to look into banking options.

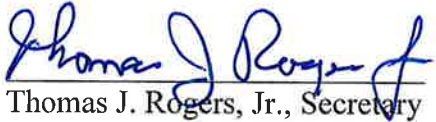
21. ADJOURN

President Nathan Neese adjourned the meeting.



Nathan Neese, President
Reunion Ranch WCID

ATTEST:



Thomas J. Rogers, Jr., Secretary
Reunion Ranch WCID

[SEAL]

