

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 July 15, 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, Vince Terracina and Bubba Sykes, thus constituting a quorum. David Bosco and Joel DeSpain were absent.

Also present at the meeting were Michael Slack, Dennis Lozano, Mike Willatt, Jeniffer Concienne, Mary Bott, Kristi Hester and Ashlee Martin.

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. President Nathan Neese entertained a motion for approval. Motion was made by Bubba Sykes and seconded by Vince Terracina to approve the minutes of the June 17, 2014 meeting as presented. The motion carried unanimously.

5. ANNUAL AUDIT ENGAGEMENT LETTER SUBMITTED BY MAXWELL
 LOCKE & RITTER

Ashlee Martin with Maxwell Locke & Ritter discussed the annual audit engagement letter. Last year was the first audit of the District. The fee has been increased by \$1,000 for a total of \$7,000. Ms. Martin stated that there are no new pronouncements this year to deal with. President Nathan Neese entertained a motion for approval. After discussion, motion was made by Vince

Terracina and seconded by Bubba Sykes to approve the annual audit engagement letter as submitted. The motion carried unanimously.

6. 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 70 sales to date, being 37 of those on 70' lots and 33 on 90' lots. Out of those sales, 43 transactions have closed. The average home price is in the range of \$493,700. The District is fully developed down to Bear Creek. Mr. Slack indicated that they will be advertising in the next couple of weeks for the next section. The amenity center is on going and the contractor is about to pour the slab. The revised preliminary plan has been approved by council on the additional capacity. There was discussion of the construction and design of the bridge. Mr. Slack said it would somewhat mirror the other bridge in the District. There was also discussion of the wind storm that came through the District and took out a lot of large trees. Luckily there was no further damage reported.

7. 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 draft permits with the TCEQ. He received a lot of comments back from the TCEQ and those were addressed and hopefully the final drafts will be received soon. Once those are received, it will be time for the second round of public comments. There will be a major amendment on the other plant. The cost estimates will need to be updated for the site plan. Mr. Lozano will send the update to Michael Slack.

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

Engineer Dennis Lozano and Michael Slack discussed the District's first bond issue. Mr. Lozano is working on getting all the specifics together and Mr. Slack is working on looking for and pulling all the cancelled checks for backup. Mr. Lozano advised that if all the cancelled checks cannot be located, then bank statements and affidavit can do the job. A decision needs to be made as to seek reimbursement for the creation costs or the newer matters. They will get with Garry Kimball to make this decision.

9. OPERATIONS AND MAINTENANCE REPORT

Kristi Hester reported on the operations and maintenance of the District. There was a 3% water loss. The water and wastewater connections total 131. The plant is running great. They are tweaking some irrigation and SCADA issues. The average monthly water bill is \$145 with an usage of 24,000 gallons. Michael Slack stated that he had a resident asking how the water rates were established. Kristi Hester stated that he should indicate that they were established similar to other entities in the area. Ms. Hester asked that Mr. Slack send the inquiry to her and she will note their account. Bubba Sykes inquired about the plant maintenance and if the chlorination system ever got installed. The monthly costs seem to be higher than usual. Ms. Hester reviewed the invoices and determined that the chemicals and labs were most of the expense. Michael Slack indicated that the reports show that the plant is running at 40% capacity but believe it is in error because it usually runs at about 12% capacity. Dennis Lozano stated that the difference could be caused by the timing of the batches. Ms. Hester will verify the capacity. She also stated that it could have been from the 13" of rainfall that the District received as well. Mr. Slack asked if the notice to the customers went out on the water restrictions and advised that the sign was not yet installed. Ms. Hester advised the notice will go out in the July cycle and will send it to Mr. Slack for his review. She also stated that the sign was ready and will be installed.

10. 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 check for David Bosco and Joel DeSpain due to their absence. There was an inquiry about what area of mowing is being paid for by the District. Ms. Bott stated just around the facilities. The mowing around the common areas is being paid by Taylor Morrison. Ms. Bott reiterated that the District has sufficient collateral on hand in connection with the District's funds and that the District is running at a \$9,500 positive variance. After discussion, motion was made by Vince Terracina and seconded by President Nathan Neese to approve payment of the per diems, invoices and transfer to the bookkeeper's account as presented. The motion carried unanimously.

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

This is a standing item and no discussion was had.

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


This is a standing item and no discussion was had.

13. RESOLUTION REGARDING ANNUAL REVIEW OF DISTRICT INVESTMENT POLICY AND INVESTMENT STRATEGIES

Jeniffer Concienne reported on the review of the District's investment policy. The Government Code requires the Board of Directors to review its investment policy on an annual basis. After review, it was determined that no changes were needed. Motion was made by Vince Terracina and seconded by Bubba Sykes to adopt the Resolution Regarding Annual Review of District Investment Policy and Investment Strategies as presented. The motion carried unanimously.

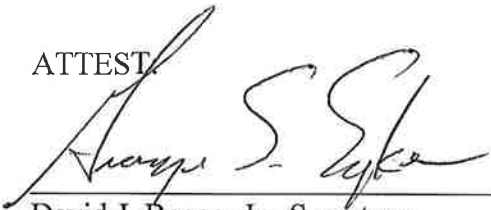
14. ADJOURN

President Nathan Neese adjourned the meeting.



Nathan Neese, President
Reunion Ranch WCID

ATTEST



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

