

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 July 16, 2019 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
Tom Rogers – Secretary
George “Bubba” Sykes – Assistant Secretary
Dennis Daniel – Assistant Secretary

thus, constituting a quorum. All Directors were present.

Also, present at the meeting were Bill Flickinger, Matt McPhail and Jeniffer Concienne with Willatt & Flickinger, PLLC, Allen Douthitt with Bott & Douthitt, Jesse Kennis with InfraMark, LLC, Michael Slack with Taylor Morrison, Dennis Lozano with Murfee Engineering and resident Gary Grass.

3. CITIZEN COMMENTS

Resident Gary Grass discussed the drainage issue across from the neighborhood park off of Jacksdaw Drive. The Board reviewed a picture of the area in question. The lack of drainage is creating a mosquito problem. It appears there may be an erosion control issue and sediment being caught up, which is not allowing it to drain properly. Manager Jesse Kennis will look into this matter. Michael Slack believe this pond was turned over to the District and though the District was working on it. Mr. Kennis will report back to the Board on his findings.

4. MINUTES OF PRIOR MEETINGS

President Nathan Neese entertained a motion for approval on the Minutes. Motion was made by Bubba Sykes and seconded by Tom Rogers to approve the June 18, 2019 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

Michael Slack reported that 371 homes have been sold to date. The average appraised value within the District is \$513,258. Once the District is built out, the total homes should be 524. Mr. Slack stated that the rain slowed down the progress of Phase 3, Section 3. Paving is now scheduled for mid-August.

Mr. Slack also informed the Board that Taylor Morrison is ready to move forward with the expansion of the wastewater treatment plant.

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

This item was not discussed.

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

This item was not discussed.

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; USE OF EFFLUENT TO IRRIGATE RIGHTS-OF-WAY; PROPOSALS FROM DISTRICT ENGINEER IN CONNECTION WITH USE OF EFFLUENT TO IRRIGATE RIGHTS-OF-WAY AND TIMELINE FOR SAME

Engineer Dennis Lozano discussed the general engineering items within the District. Construction is proceeding on Phase 3, Section 3. Paving is scheduled for next month.

Mr. Lozano discussed several items under final review pertaining to the TLAP Major Amendment. Those items are: Soil Water Monitoring Plan; Update to the Springs/Seeps Monitoring Plan and the Irrigation System Management Plan.

In regard to the Phase 1 Wastewater Plant Expansion, the developer entered into a contract with Murfee Engineering to begin work on an influent lift station, subterranean headworks and odor control improvements. M. Lozano discussed the three schedules suggested for the Phase 1 improvements. After discussion with the Board, the extended contract schedule was agreed upon. The entire expansion will need to be online by 2022. Director Dennis Daniel asked about the cause of the recent odor complaint. Manager Jesse Kennis discussed the complaints from the two residents. Michael Slack discussed the backup in the men's restroom at the amenity center. Mr. Kennis confirmed that the misters have been running and that he has been going on a daily basis to observe the area for odor. Mr. Kennis discussed the option of purchasing a logger to measure hydrogen sulphide and keeping it by the plant and amenity center. The cost would be \$2,000 apiece. After discussion, the Board decided to keep a manual log at the amenity center. Attorney Bill Flickinger, Engineer Dennis Lozano and President Nathan Neese will work on a letter to the residents addressing the odor complaint and the start of Phase 1 of the wastewater plant expansion.

The proposal for the Phase 1 of the 210 conversion is still being worked on. Mr. Lozano is identifying the various high and low zones. He will bring this item back to the Board and Taylor Morrison soon.

9. TCEQ RULEMAKING IN 30 TAC CHAPTERS 222 AND 309 – BENEFICIAL REUSE CREDITS FOR TREATED WASTEWATER

Engineer Dennis Lozano discussed the beneficial reuse credit. This started back in 2016 when the City of Austin filed a petition with the TCEQ. The petition was filed due to increasing demand on water supplies and the decreasing availability of contiguous tracts of land big enough for domestic wastewater disposal. If the proposed rulemaking becomes effective, it would give the District the option to reduce the acreage required for its land application of treated domestic wastewater by obtaining a beneficial reuse credit. This would give a credit for effluent that does not go to the irrigation site. Mr. Lozano stated that the draft rules still need some work, but that it could be adopted by the end of the year. The comment period closes on July 30th. Mr. Lozano will be reviewing and commenting on the proposed rules.

10. ALL ACTIONS AND DOCUMENTS NECESSARY OR CONVENIENT, OR BOTH, FOR THE DISTRICT'S 5TH BOND ISSUE

Engineer Dennis Lozano advised that he is in talks with the TCEQ staff reviewer to keep bond progress moving forward. Mr. Lozano submitted a flow study to the TCEQ to support a per unit flow of less than 300 gpd/LUE. A wastewater return flow of 130 gpd/LUE was selected as the bond feasibility basis. The TCEQ appears to be in a better position than last year. The bond application is under expedited review and the deadline for TCEQ to respond is August 5th.

11. COST ESTIMATE: PLANT EXPANSION EXPENSES FUNDED BY DEVELOPER THROUGH REIMBURSEMENT OR DISTRICT THROUGH ISSUANCE OF BONDS

This item was discussed above in the engineer's report.

12. WASTEWATER TREATMENT PLANT IMPROVEMENTS AND MODIFICATIONS

This item was discussed above in the engineer's report.

13. COMMITTEE REPORTS

- a. Trail/Map/Ownership committee (Trail system within the District; Map of the District/HOA property; conveyances, easements and/or license agreements to the District of HOA from developer)
- b. PUA Rate committee

Attorney Bill Flickinger reported that Frank Krasovec's attorney, Bill Bryant called him for details on the common areas within Mr. Krasovec's private section. The streets within that section will remain private and stay with the sub-association.

Once Mr. Bryant provides further details on the common areas within that area, a committee meeting will be scheduled to go over all the details within the District.

14. 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 Jesse Kennis discussed the Executive Summary.

There is a total of 372 active connections. The average monthly water consumption is 7.5 million gallons. Mr. Kennis reported that the chlorine residuals and bacteriological samples are satisfactory. The water loss is down from last month to 3%.

The delinquencies for June are as follows: 15 letters were mailed out, 1 door tag was hung and there were no disconnects.

Mr. Kennis reported that the wastewater plant is operating at 70% capacity. The TCEQ conducted its inspection on the plant.

Attorney Matt McPhail discussed the progress of the sludge box. The Board previously approved a month to month rental. After discussion with Flow Trent, the sludge box cannot be leased from month to month. The minimum amount of time is 12 months with a lease agreement. Mr. McPhail advised that there is a possible early buyout if needed. The Board agreed that the monthly cost should not exceed \$9,000. After discussion, President Nathan Neese entertained a motion for additional approval. Motion was made by Dennis Daniel and seconded by Vince Terracina to authorize the Board President to negotiate and finalize an agreement with Flow Trend for the leasing of a sludge box. The motion carried unanimously.

Mr. Kennis discussed a billing adjustment at 236 Jayne Cove in the amount of \$304.50. There was a leak in the water line near the meter between the homeowner's shutoff valve and pressure regulating valve. The homeowner submitted the appropriate paperwork. President Nathan Neese entertained a motion for approval. Motion was made by Vince Terracina and seconded by Dennis Daniel to approve the adjustment as prepared by Inframark. The motion carried unanimously.

15. EXPENDITURES, CONTRACTS, REPAIRS, REPLACEMENTS AND MAINTENANCE RELATED TO OPERATIONS AND MAINTENANCE REPORT IN ITEM 15 ABOVE

This item was not discussed.

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

Bookkeeper Allen Douthitt discussed the financials with the Board. Today's consideration will include payment of vendor invoices, per diems and four bond payments and authorize a fund transfer. The District's budget is 50% off on repair and maintenance. The costs were related to the irrigation repairs due to the TCEQ inspection and issues at the plant. The budget is off 100% on the sludge hauling. 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 and authorization to transfer funds as presented. The motion carried unanimously.

17. ENGAGEMENT LETTER SUBMITTED BY MAXWELL LOCKE & RITTER FOR ANNUAL AUDIT FOR FISCAL YEAR 2019

Attorney Bill Flickinger discussed the annual audit engagement letter submitted by Maxwell Locke & Ritter as included in the agenda package. President Nathan Neese entertained

a motion for approval. Motion was made by Vince Terracina and seconded by Bubba Sykes to approve the annual audit engagement letter as presented. The motion carried unanimously.

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

Attorney Bill Flickinger advised that the District must review its Investment Policy on an annual basis. No changes are recommended at this time. President Nathan Neese entertained a motion for approval. Motion was made by Vince Terracina and seconded by Tom Rogers to adopt the Resolution Regarding Annual Review of District Investment Policy and Investment Strategies as presented. The motion carried unanimously.

19. LEGISLATIVE UPDATE

Attorney Matt McPhail presented and discussed a summary of the legislation pertaining to water districts. Mr. McPhail informed the Board that his office is still working through all the bills. Some bills to note are:


S.B. 2 addressing tax reform. The rollback rate, now referred to as the Voter-Approval Tax Rate, has been reduced to 3.5% and would require an automatic tax hearing if the increase is over 3.5%. Mr. McPhail is still working through all the details and this law is not effective until 2020.

H.B. 305 provides for certain District information to be posted on its website, such as contact information for consultants and directors, board meeting information and election information. This law is effective September 1, 2019.

S.B. 239 also includes new disclosure items for posting on the District's website, audio taping of the Board's tax hearing if requested, a meeting place within or within a 10-mile radius of the District. This law also requires board meeting information to be posted on the water bills. This law is effective September 1, 2019. Mr. McPhail will work with Inframark on the information to include on the bills.

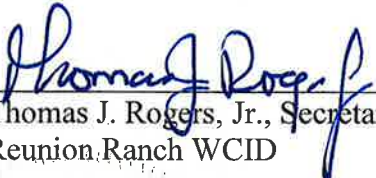
20. ADJOURN

President Nathan Neese adjourned the meeting.



Nathan Neese, President
Reunion Ranch WCID

ATTEST:


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

