

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 17, 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
George “Bubba” Sykes – Assistant Secretar
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, Dennis Lozano with Murfee Engineering, Allen Douthitt with Bott & Douthitt, Kristi Hester with Inframark, LLC, Mike Moyer with Taylor Morrison and resident Gary Grass.

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 June 19, 2018 meeting Minutes as presented. The motion carried unanimously.

5. ENGAGEMENT LETTER SUBMITTED BY MAXWELL LOCKE & RITTER FOR ANNUAL AUDIT FOR FISCAL YEAR 2018

Attorney Bill Flickinger discussed the annual audit engagement letter as submitted by Maxwell Locke & Ritter. After discussion, President Nathan Neese entertained a motion for approval. Motion was made by Vince Terracina and seconded by Dennis Daniel to approve the 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 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. 288 homes have been sold to date.

Mr. Moyer reported that all phase have now been paved.

Phase 3 Section 3 is on track for 2019, as it is still in the design period.

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

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

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

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

9. 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.

Phases 2-4, 3-2 and 3-5 are nearing completion. Final walkthroughs will occur soon.

Mr. Lozano believes the draft TLAP should be released within 10 days or so.

Mr. Lozano discussed the surge in flow, being most likely caused by the misters at the wastewater plant. He discussed this issue with InfraMark. After that discussion, it is recommended that the District consider a more targeted treatment instead of just masking the odor. Manager Kristi Hester reported that she had another complaint about the odor at the swimming pool. The misters were in operation at that time. She also recommends exploring other solutions such as an air scrubber. Mr. Lozano discussed that process. Director Dennis Daniel asked how would this solution would work with future improvements. He is concerned with spending a lot of money now and then having to redo the solution due to the expansion. There was also discussion of irrigating the rights-of-way with effluent.

Mr. Lozano reported that the bond application was submitted to the TCEQ on an expedited review and has been declared administratively complete on June 27, 2018.

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.

10. PROPOSAL FOR GIS MAPPING OF DISTRICT

Engineer Dennis Lozano discussed his proposal for the GIS database development project. The project will consist of providing a database for the District's water, wastewater and drainage facilities as well as for the real property and easements. The information on the infrastructure is will be straight forward but the easement information will take some time to compile. The fee came in a bit higher than what he mentioned at last month's meeting. There was discussion of the terms and conditions listed in the contract. Mr. Lozano advised that the District can have all the information on the District that Murfee has regardless of how the contract is drawn up. He would not withhold any information from District. Director Dennis Daniel asked if the District's maps can be protected? Attorney Bill Flickinger discussed this matter and will have to look into it. Manager Kristi Hester reported that this database would be very beneficial on the operations side. After discussion, the Board agreed to defer any action on this matter until the next meeting which will consist of the budget cycle but does agree that this GIS database is needed.

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

This item was discussed above.

12. ENGAGEMENT LETTER SUBMITTED BY MAXWELL LOCKE & RITTER FOR BOND REIMBURSEMENT AUDIT FOR THE DISTRICT'S 4TH BOND ISSUE

Attorney Bill Flickinger discussed the engagement letter submitted by Maxwell Locke & Ritter for the District bond reimbursement audit. This audit has to be prepared for each bond issue. After discussion, motion was made by Bubba Sykes and seconded by President Nathan Neese to approve the engagement letter as submitted. The motion carried unanimously.

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

This item was not discussed.

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 Kristi Hester discussed her 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 20,921 gallons. Total water receivables for the month of June was \$78,184. The delinquencies for June are as follows: five letters were mailed out, one door tag was hung and one disconnect for non-payment. However, that account was paid and service was restored. Mrs. Hester reported that the amount listed under the 30-day delinquency has been paid. It was a hydrant meter.

Mrs. Hester reported there are no issues with the water quality monitoring. The annual average looks good. The water accountability is 95.5%.

The wastewater plant is operating at 74% capacity and is in full compliance. Mrs. Hester believes the actual capacity is likely to be around 54% but that the misters are increasing the capacity percentage. Mrs. Hester is also looking into a wastewater flow spike that occurred at the plant on June 25/26.

Mrs. Hester then discussed her summary report as presented. InfraMark is in the process of reviewing the list of assets and ranking equipment for budget purposes. Repairs were completed on Zone 19 of the surface drip fields. As discussed at last month's meeting, InfraMark contacted Perfect Cuts due to some standing water in Zone 27. That zone is drying up now since the irrigation has been cut back on the slope area. The TCEQ inspected the water system on July 26th. All is well. Mrs. Hester commented on Director Dennis Daniel's meter not registering correctly. They are still working on it. Mrs. Hester also reported that there are two areas on Jayne Cove where the landscaping needs to be trimmed back by the residents so that there is access to their water meters. InfraMark has provided notice to those residents. The overgrowth of vegetation has been removed in the drainage pond. Environmental dye has been added to the pond to help control algae growth. The dye is blue in color and the pond looks great.

15. EXPENDITURES, CONTRACTS, REPAIRS, REPLACEMENTS AND MAINTENANCE RELATED TO OPERATIONS AND MAINTENANCE REPORT IN ITEM 14 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 presented and discussed the updated cash activity report with the Board. Today's consideration will include payment of vendor invoices, per diems and fund transfers. The District is 99% collected on its taxes. The District's budget is trending ahead of plan due by \$28,000 for the month of June. After discussion, President Nathan Neese entertained a motion for approval. Motion was made by Vince Terracina and seconded by Dennis Daniel to approve payment of the vendor invoices and per diems and authorize the fund transfers as discussed. The motion carried unanimously.

17. BANK ACCOUNT SECURITY; DISTRICT DEPOSITORY

Bookkeeper Allen Douthitt discussed the process of positive pay with the banks. The District's depository First Citizen's Bank does not provide that service but has a ACH program. The monthly cost for this service is approximately \$40 per month. The District can try this program with it bank or can change banks if interested. After discussion, President Nathan Neese entertained a motion for approval. Motion was made by Bubba Sykes and seconded by Tom Rogers to use the ACH program offered by First Citizen's Bank. The motion carried unanimously.

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

This item was not discussed.

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

Attorney Bill Flickinger discussed changes to the investment policy due to new provisions in the Government Code. After discussion, President Nathan Neese entertained a motion for approval. Motion was made by Vince Terracina and seconded by Tom Rogers to approve the Resolution Regarding Annual Review of District Investment Policy and Investment Strategies as presented. The motion carried unanimously.

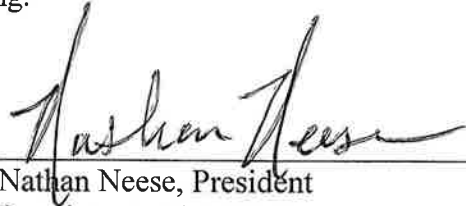
20. PROPOSED BUDGET

21. PROPOSED TAX RATE

Items 20 and 21 are related. Hays County will not have the certified values ready until the end of the month. Next month, the information will be available to set the budget and proposed tax rate.

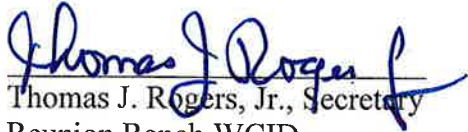
22. ADJOURN

President Nathan Neese adjourned the meeting.



Nathan Neese, President
Reunion Ranch WCID

ATTEST:


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

[SEAL]

