

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 18, 2017 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
Dan Pawlik – 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 and Jason Tyler with ST, Michael Slack with Taylor Morrison and resident Dennis Daniels.

3. CITIZEN COMMENTS

Resident Dennis Daniels introduced himself to the Board. He stated that he has lived in the District for about six weeks. Mr. Daniels is interested in running for the Board of Directors.

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 20, 2017 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

Developer Michael Slack reported on the update for homebuilding within the District. The breakdown is as follows: 49 60' lots, 101 70' lots, 36 80' lots and 51 90' lots have been sold.

Both Phase 2, Section 5 and Phase 3, Section 1 are close to be being finished. Sales are occurring in both sections.

The permits for the new sections of 60', 70' and 80' lots should be out in September. It is scheduled to advertise in September/October timeframe.

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 Dennis Lozano discussed his report as included in the agenda package. He noted that comments on new Phases 2-4 and 3-2 were returned to CBD and resubmittal of Phase 3-2 has been received. Phases 2-5 and 3-1 have been paved and construction is nearly complete.

A reevaluation of the wastewater treatment plant process proposed for the plant expansion was due to a significant shift in total nitrogen concentrations in the effluent. The total nitrogen in the wastewater effluent has a significant impact on the District's capital expenditures for both treatment and disposal of the wastewater effluent. Mr. Lozano discussed the additional area required for the expansion due to the nitrogen concentration and the related costs. After this discussion, Mr. Lozano reported that the application package for the TLAP major amendment is being finalized and prepared for submittal to the TCEQ.

The District should be receiving final approval from the TCEQ on its 3rd bond issue. The technical review deadline for the TCEQ is August 1st.

7. ENGAGEMENT LETTER SUBMITTED BY MAXWELL LOCKE & RITTER FOR THE BOND REIMBURSEMENT AUDIT; 3RD BOND ISSUE

Jeniffer Concienne stated that Maxwell Locke & Ritter has submitted their engagement letter for the bond reimbursement audit in connection with the District's 3rd bond issue. The bond reimbursement audit must be completed prior to distribution of bond proceeds. President Nathan Neese entertained a motion for approval. Motion was made by Vince Terracina and seconded by Dan Pawlik to approve the engagement letter as submitted. The motion carried unanimously.

8. ENGAGEMENT LETTER SUBMITTED BY MAXWELL LOCKE & RITTER FOR THE DISTRICT'S ANNUAL AUDIT

Jeniffer Conciencie stated that Maxwell Locke & Ritter has submitted their engagement letter for the District's annual audit. Motion was made by Vince Terracina and seconded by President Nathan Neese to approve the engagement letter as submitted for the District's annual audit. The motion carried unanimously.

9. ANY ACTIONS AND DOCUMENTS NECESSARY OR CONVENIENT, OR BOTH, FOR THE DISTRICT'S 3RD BOND ISSUE

Engineer Dennis Lozano reported on this item during his Engineer's Report above.

10. UTILITY CONSTRUCTION AGREEMENT BETWEEN REUNION RANCH WATER CONTROL AND IMPROVEMENT DISTRICT AND TAYLOR MORRISON OF TEXAS, INC.

Attorney Bill Flickinger reported that the agreement is still being worked on. Attorney Matt McPhail is reviewing documentation sent by Murfee Engineering. After each bond issue, a Utility Conveyance Agreement will be need to be done to convey the reimbursed facilities to the District. No action is needed at this time.

11. OPERATIONS AND MAINTENANCE REPORT

- A. Administrative
- B. Wastewater Treatment Plant
- C. Wastewater Grinder Stations
- D. Effluent Irrigation System & Fields
- E. Distribution and Collection System
- F. Billing Adjustments
- G. Delinquencies
- H. Customer Meter Issues
- I. Customer Complaints

Manager Kristi Hester introduced Jason Tyler to the Board. Mr. Tyler is a project manager and licensed operator at ST. In Mrs. Hester's absence, Mr. Tyler will attend the board meetings.

Mrs. Hester reported on the Billing Summary. There were 233 accounts billed in June. The monthly average for residential water consumption is 23,125 gallons, which is up about 10,000 from last month. In regard to collections, Mrs. Hester reported that 6 delinquent letters were sent out and 4 door tags were hung. There were no disconnects in June for non-payment.

The water quality monitoring has improved over time and has an annual average of 1.30. The District's water accountability is down from last months' report to 90.28%. The wastewater plant is still operating at 42% capacity.

Mrs. Hester discussed the misting system at the wastewater treatment plant. The system was installed on Friday. It is operational but still needs a timer installed. The system will help clear the air to improve the odor at the plant. Once the installation is fully complete, ST will get with the District's attorneys to send out a communication to the residents. It has been reported to ST that the residents are happy to hear that something has been installed.

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

Bookkeeper Allen Douthitt presented and discussed the financials with the Board, including an updated Cash Activity Report. Mr. Douthitt will void Bubba Sykes' per diem due to his absence. Today's consideration will include the invoices, per diems, fund transfer and bond payments. After discussion, President Nathan Neese entertained a motion for approval. Motion was made by Vince Terracina and seconded by Tom Rogers to approve the payment of the invoices, per diems and bond payments for 2015 and 2016 series and authorize the fund transfer from the tax account to the operating account as presented. The motion carried unanimously.

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

Developer Michael Slack presented and recommended approval of the following pay estimates and change orders:

Pay Estimate No. 8 in the amount of \$65,842.51 in connection with Reunion Ranch Phase 3, Section 1 submitted by Joe Bland Construction, LP; and

Change Order No. 3 in the amount of \$19,967.35 in connection with Reunion Ranch Phase 3, Section 1 submitted by Joe Bland Construction, LP; and

Change Order No. 4 in the amount of \$3,025.00 in connection with Reunion Ranch Phase 3, Section 1 submitted by Joe Bland Construction, LP; and

Pay Estimate No. 6 in the amount of \$14,863.50 in connection with Reunion Ranch Phase 2, Section 5 submitted by Cornerstone Site Services.

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 foregoing pay estimates and change orders as presented. The motion carried unanimously.

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

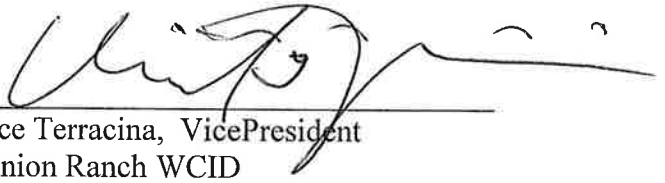
This was no discussion on this item.

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


Attorney Bill Flickinger discussed the annual review of the District's investment policy and strategies. He is not aware of any changes that need to be made to the policy. After review, 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.

16. ADJOURN

President Nathan Neese adjourned the meeting.


Vince Terracina, VicePresident
Reunion Ranch WCID

ATTEST


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

George S. Eyles, Assistant Secretary

