

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 on August 16, 2016 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, George Sykes and Mike Ehrhardt, thus constituting a quorum. Secretary David Bosco was absent.

Also present at the meeting were Bill Flickinger, Michael Slack, Kristi Hester, Dennis Lozano, Allen Douthitt and Jeniffer Concienne.

3. CITIZEN COMMENTS

There were no citizen comments made at the meeting.

4. MINUTES OF PRIOR MEETINGS

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

5. ORDER APPROVING BUDGET FOR 2016/2017

Bookkeeper Allen Douthitt discussed the proposed budget with the Board. The District's assessed valuation came in at \$64,770,928. The budget also included 50 new taps for the upcoming year. Manager Kristi Hester indicated that the landscaping budget will need to be increased due to the maintenance to the ponds. Mr. Douthitt will increase that item by \$5,000. There was discussion of the new PUA rate increase. The December 1st bill will include those new rates. Mrs. Hester will include a notice with the water bills to the residents regarding that rate increase. Attorney Bill Flickinger indicated that although the budget needs to be considered either at this meeting or the next, the District's water rates can be changed at any time. Mr. Douthitt also stated that the budget is based off of a tax rate of \$.875, which is the same as last year. After discussion,

motion was made by Vince Terracina and seconded by President Nathan Neese to approve the Order Adopting Budget with the increased landscaping maintenance item as discussed. The motion carried unanimously. Mr. Douthitt indicated that he would revise the budget pursuant to that increase and send it to Jeniffer Concienne to attach to the Order.

6. ORDER SETTING THE DISTRICT'S PROPOSED TAX RATE FOR 2016 AND PROVIDING FOR PUBLICATION OF NOTICE THEREOF

Attorney Bill Flickinger discussed setting the District's proposed tax rate and providing for publication thereof. The notice will be published in the *San Marcos Daily Record*. Mr. Flickinger informed the Board that the required public hearing will be held at the September 7th board meeting and then the tax rate can be adopted. The District's financial advisor, Garry Kimball prepared the Notice of Public Hearing on the Tax Rate. The overall tax rate for the District will remain the same as last year at \$.875 per \$100 of valuation, being split between M&O at \$.5250 and debt service at \$.3500. After discussion, motion was made by President Nathan Neese and seconded by Bubba Sykes to adopt the Order Setting the District's Proposed Tax Rate for 2016 and Providing for Publication of Notice Thereof with an overall tax rate of \$.875. The motion carried unanimously.

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

Attorney Bill Flickinger reported that it is time to start preparing for the District's audit. Maxwell Locke & Ritter submitted their engagement letter for consideration. Due to the District issuing bonds, the fee was increased by \$1,500 from last year. After discussion, motion was made by Vince Terracina and seconded by President Nathan Neese to approve the engagement letter as submitted. The motion carried unanimously.

8. 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 sales within the District. There have been 172 lots sold to date with 142 of them being closed. The average sales price in the District is \$498,986. There have been 22 60' lots sold, 84 70' lots, 16 80' lots and 50 90' lots sold.

The plans for Phase 3, Section 1 have been signed by the City and County but the project is delayed due to slower sales. It is anticipated that the project will be bid out in October. This phase will include 37 60' lots. They are also looking at starting another phase in the late fall that will contain 80' lots. Everything else has been built and accepted.

9. AMENDMENT TO WHOLESALE WATER AGREEMENT

This item was placed on the agenda in regard to the increased PUA rates. No action was taken.

10. DISTRICT'S RATE ORDER

Developer Michael Slack and Manager Kristi Hester discussed raising the District's rates due to the PUA increase. It is likely that the base rate will need to be raised. This item will remain on the agenda for further discussion at the next board meeting.

11. 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 plan reviews for various sections. Developer Michael Slack asked about the status of the wastewater permit. Mr. Lozano advised that he needs more of the data that they have been gathering. They are checking it very closely to make sure all the information is there before it is submitted to the TCEQ. He is anticipating filing the permit by the next board meeting. Mr. Slack asked what happens if the permit is protested. If that permit is protested, it could hold it up by a year or so worst case scenario. Mr. Lozano indicated that he has no concerns about the plant's capacity. Mr. Slack asked that he have a wastewater flow chart for review at the next meeting.

12. RULEMAKING PROCEEDING AT TCEQ REQUESTED BY CITY OF AUSTIN TO AMEND TCEQ RULES IN 30 TAC CHAPTERS 222 AND 309- REUSE OF TREATED WATER

Engineer Dennis Lozano reported he and Jeniffer Concienne attended the TCEQ stakeholders meeting on this matter at the TCEQ. They are still working on the proposed rules and will upload them to a website for review. Parties will be able to comment on the rules when they are uploaded. Other than that, there is nothing new to report.

13. ANY OTHER ACTIONS AND DOCUMENTS NECESSARY OR CONVENIENT, OR BOTH, FOR THE DISTRICT'S 2ND BOND ISSUE

Engineer Dennis Lozano reiterated that the bond application was deemed administratively complete by the TCEQ. He received some minor comments back from them. One of the comments was that the District's sign was facing the wrong direction within the District. No action was needed on this item.

14. OPERATIONS AND MAINTENANCE REPORT

- A. Administrative
- B. Wastewater Treatment Plant
- C. Wastewater Grinder Stations
- D. Effluent Irrigation System & Fields
- E. Distribution and Collection System

Manager Kristi Hester discussed the water connections and consumption. There are 178 connections within the District. The average household consumption is 21,000 gallons. Developer Michael Slack asked what is the annual running average for water consumption. Mrs. Hester stated that she will start including that number in the reports. There were no disconnects in July. The water quality monitoring is good. In July, the water accountability was 99%. There was discussion of the amount of water allocated to the District and what is actually used.

Mrs. Hester reported that the wastewater plant is running at 39% capacity. ST is now doing monthly erosion control checks with the builders.

15. 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. Mr. Douthitt will void the per diem for David Bosco due to his absence. For today's consideration, there are the vendor invoices, per diems, and two fund transfers. After discussion, motion was made by President Nathan Neese and seconded by Vince Terracina to approve payment of the invoices and per diems and approve the fund transfers, being one to the bookkeeper's account and the other to the TexPool SR2015 Capital Projects Account. The motion carried unanimously.

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


There was no discussion on this matter.

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


There was no discussion on this matter.

18. ADJOURN

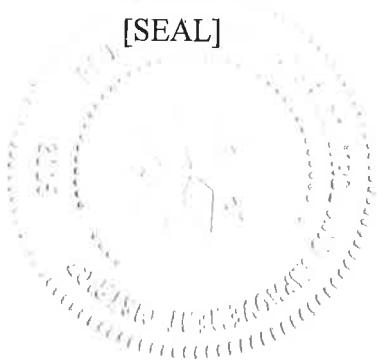
President Nathan Neese adjourned the meeting.


Nathan Neese, President
Reunion Ranch WCID

ATTEST:


David Bosco, Jr., Secretary
Reunion Ranch WCID

[SEAL]



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8/20/16