

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 August 18, 2015, 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, Bubba Sykes and Joel DeSpain, thus constituting a quorum. Secretary David Bosco was absent.

Also present at the meeting were Michael Slack, Austin Evttes, George Murfee, Mike Willatt, Bill Flickinger, Mary Bott, Kristi Hester, Garry Kimball, Scott Krchnak, Robert Fedor, and Jeniffer Concienne.

3. CITIZEN COMMENTS

No citizens were present.

4. MINUTES OF PRIOR MEETING

The minutes of the prior meeting were included in the agenda package for consideration. Motion was made by Vince Terracina and seconded by Joel DeSpain to approve the minutes of the July 21, 2015 meeting as presented. The motion carried unanimously.

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

Scott Krchnak discussed the annual audit letter as presented in the agenda package. The audit will cover the year ending September 30, 2015. This year's fee has been increased by \$1,000, bringing the total amount to \$8,000. Mr. Krchnak indicated that the audit preparation will begin in November and will be presented to the Board in February. Once the audit is approved, it will need to be submitted to the TCEQ, no later than February 12th. After discussion, motion was made by Joel DeSpain and seconded by President Nathan Neese 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 sales within the District. Mr. Slack reported that the District now has four lot sizes available. There have been 121 homes sold to date. 4 homes on 60' lots, 69 homes on 70' lots, 1 home on a 80" lot and 47 were on 90' lots. The average sales price of homes within the District is \$491,471. Mr. Slack discussed Phase 2, Section 2, which is located on the southside of the creek. That section contains 140 lots. The lot sizes are 60', 70' and 80' lots. The streets are all paved and the boulevard is paved as well. The contractor is now working on the dry utilities. In Phase 2, Section 3, which is Frank Krasovec's custom lots, the wet utilities are now going in. The paving should begin in October and be done in mid-November. Mr. Slack discussed the schedule of the lift station, which should be done in October.

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 George Murfee reported that the wastewater irrigation easement has been recorded and the TCEQ staff was notified to begin review of the TLAP major amendment. There was discussion of the wastewater flow projections. This information needs to be reviewed and it is possible that design is right around the corner.

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

Engineer George Murfee reported that the District's first bond application was submitted to the TCEQ for approval. TCEQ staff has requested a field inspection and that will be done soon.

Financial Advisor, Garry Kimball reported that he has not seen anything out of the TCEQ yet. As an overview, he discussed bond capacity proforma with the Board. The issue is in the amount of \$3.5 million. He hopes to sell the bonds in November and close in December. There was discussion of the appropriate tax rate to support the bonds. The tax rate will be split between maintenance and operation and debt service. Once all the bonds have been reimbursed, the District can consider lowering the tax rate.

9. 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 reported on the operations and maintenance of the District. There was a 2% water loss during the month of July. The District is operating at a 20% capacity at the wastewater plant. Mrs. Hester also reported the water purchases have increased. Mrs. Hester also handed out a supplement to her report. There was discussion of low water pressure issues that was reported by residents and a contractor. The PUA should have notified ST but they did not. The PUA adjusted the PRV settings, it is possible that they thought it was on their side. President Nathan Neese asked if the PRV vault could be locked. Mrs. Hester replied that it could but that the PUA would still need access to it. Michael Slack asked if the PUA acknowledged they were in there and Mrs. Hester said they did. ST had Fluid Meter Services adjust the PRV back to the correct settings. The cost for that service was about \$1,500. Attorney Bill Flickinger discussed sending a notice to them indicating the costs that the District incurred. After discussion, motion was made by Joel DeSpain and seconded by President Nathan Neese to authorize Kristi Hester to send a letter to the PUA with supporting documentation showing the costs incurred by the District and requesting reimbursement of those costs. The motion carried unanimously. There was discussion on the effluent irrigation system and fields and the issue of back billing the contractor for the damages.

10. BOOKKEEPER'S REPORT ON THE FINANCIAL AFFAIRS OF THE DISTRICT, INCLUDING AUTHORIZATION OF PAYMENTS OF BILLS

Mary Bott discussed the financials with the Board and presented an updated cash activity report. Mrs. Bott will void David Bosco's per diem due to his absence. There is \$815 still outstanding in connection with taxes. The budget is still running on a positive variance due to developer contributions. After discussion, motion was made by President Nathan Neese and seconded by Joel DeSpain to approve payment of the per diems, invoices and fund transfer to the bookkeeper's account as presented. The motion carried unanimously.

11. ORDER ADOPTING BUDGET

Mary Bott discussed the proposed budget with the Board. The budget is based on a tax rate of \$.875. After discussion, motion was made by Joel DeSpain and seconded by Bubba Sykes to adopt the Order Adopting Budget as presented. The motion carried unanimously.

12. ORDER SETTING THE DISTRICT'S PROPOSED TAX RATE FOR 2015 AND PROVIDING FOR PUBLICATION OF NOTICE THEREOF

Attorney Bill Flickinger discussed the procedures for setting the District's tax rate and Garry Kimball discussed the roll back triggers. The notice on the public hearing will be published in the San Marcos Daily Record. The tax rate will be split between maintenance and operation and debt service, \$.775 for M&O and \$.10 for debt service. After discussion, President Nathan Neese entertained a motion for approval. Motion was made by Joel DeSpain and seconded by Vince Terracina to adopt the Order Setting the District's Proposed Tax Rate for 2015 and Providing for Publication of Notice thereof, with a total tax rate of \$.875. The motion carried unanimously.

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

Engineer George Murfee recommended approval of the following pay estimates:

Pay Estimate No. 8 in the amount of \$105,512.11 in connection with Reunion Ranch 2-2A Utilities submitted by DeNucci Constructors, LLC; and

Pay Estimate No. 3 in the amount of \$160,997.40 in connection with Reunion Ranch Phase 2, Section 3 Utilities submitted by Austin Engineering Co., Inc.

After discussion, President Nathan Neese entertained a motion for approval. Motion was made by Joel DeSpain and seconded by Vince Terracina to approve payment of the foregoing pay estimates as presented. The motion carried unanimously.

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

This is a standing item and there was no discussion.

15. ADJOURN

President Nathan Neese adjourned the meeting.



Nathan Neese, President
Reunion Ranch WCID

ATTEST:



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

[SEAL]

