

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 was held at 2:00 p.m. on August 18, 2020 by remote access only in accordance with the March 16, 2020 Order by Governor Abbott temporarily suspending certain requirements of the Texas Open Meetings Act to advance the goal of limiting face-to-face meetings to slow the spread of COVID-19. The meeting was open to the public and notice was given as required by the Texas Open Meetings Act and as modified by the Governor's Order.

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:

Dennis Daniel – President
Rick Triplett – Vice President
Thomas J. Rogers, Jr. - Secretary
Nathan Neese – Assistant Secretary
Eileen Grass – 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, Jesse Kennis and Ronja Keyes with Inframark, LLC, Mike Moyer with Taylor Morrison and Garry Kimball with Specialized Public Finance Inc.

3. PUBLIC COMMENTS

There were no public comments made.

4. MINUTES OF PRIOR MEETINGS

President Dennis Daniel entertained a motion for approval of the Minutes. Motion was made by Rick Triplett and seconded by Tom Rogers to approve the July 21, 2020 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

Mike Moyer reported on the building metrics in the District. A total of 470 homes have been sold to date with 11 transactions being closed. The average sales price in the District continues to rise at \$532,445. Taylor Morrison has had to limit monthly sales to be able to keep up with the demand. They only have 15 lots left. Mr. Moyer advised that by the end of the year, they should be sold out. Frank Krasovec retains 39 custom lots.

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

Mike Moyer reported that there is a pre-bid construction meeting tomorrow regarding the wastewater treatment plant improvements. Bids will be brought to the September board meeting for consideration.

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 his report as included in the agenda package.

Mr. Lozano reported on the status of the current bond application with the TCEQ. There were a few minor issues with the TCEQ. All appears to be on track.

There was discussion of the wastewater flows and protections. As the chart shows, the District exceeded its 90% limit. The chart also reflects the flows are now backing off a bit.

In regard to the WWTP Expansion project, it is out to bid. The bid opening should occur on September 4th. President Dennis Daniel asked if there are any regulatory consequences due to the violations with TCEQ. Mr. Lozano advised that he spoke with the TCEQ and they did not indicate any action. The District will need to be sure to self-report any issues. As the Board is aware, the consultants are actively working on the corrections to the system and on the expansion. Mr. Lozano reported that a pre-bid conference will be held tomorrow on the expansion. There is a lot of interest from the contractors. There was discussion of calling a special meeting to award the project if necessary. Mr. Lozano stated that it would take a bit of time to review all the bids and recommend award of the project. He believes the regular meeting day of September 15th will be fine. President Daniel asked if the complete schedule of March 2021 is still accurate. Mr. Lozano believes that timeline still stands.

Mike Moyer discussed reimbursement from the current bond application. Mr. Lozano advised that the reimbursement is laid out in the TCEQ memo. Financial Advisor Garry Kimball discussed the timeline of the bond issue. If all goes according to schedule, the closing will occur in December. Mr. Lozano will send the Summary of Costs to Mike Moyer and Dennis Daniel.

Mr. Lozano discussed the irrigating common areas of the District with reclaimed water. He will prepare a proposal and bring to the next Board meeting for consideration. Nathan Neese mentioned that the 210 conversion is not part of the expansion project. Mr. Lozano advised that was correct. However, it may be able to be plugged into the expansion contract or just done at another time.

National Works is actively working on the wastewater line inspections. This project should take approximately 50 days to finish. Once complete, Mr. Lozano will review the report and advise if there was an issues.

9. ALL ACTIONS AND DOCUMENTS NECESSARY OR CONVENIENT, OR BOTH, FOR THE DISTRICT'S 6TH BOND ISSUE

Engineer Dennis Lozano discussed this topic under his engineering report.

10. WASTEWATER TREATMENT PLANT EXPANSION; WASTEWATER TREATMENT PLANT IMPROVEMENTS AND MODIFICATIONS

Engineer Dennis Lozano discussed this topic under his engineering report.

11. SITE DEVELOPMENT/CONSTRUCTION PLAN APPLICATION WITH THE CITY OF DRIPPING SPRINGS

12. LIGHTING ORDINANCE COMPLIANCE AGREEMENT WITH THE CITY OF DRIPPING SPRINGS

Attorney Bill Flickinger discussed Items 11 and 12 together. Engineer Dennis Lozano reported that on July 8, 2020, Director Nathan Neese executed a Site Development/Construction Plan Application and Lighting Ordinance Compliance Agreement with the City of Dripping

Springs, Texas related to the District's Wastewater Treatment Plant Expansion Application. The City is requesting to see authorization of Mr. Neese's signature on those documents. After discussion, motion was made by Tom Rogers and seconded by Eileen Grass to approve the Resolution Ratifying Action Taken by Board Member, Nathan Neese in connection with the site plan process with the City of Dripping Springs. The motion carried unanimously.

13. COMMITTEES – ASSIGNMENT AND MEMBERSHIP

This item was not discussed.

14. COMMITTEE REPORTS.

- a. Trails/Ponds (Eileen & Rick)
- b. Property Conveyances, easements and/or License Agreements to the District or HOA from developer (Rick & Dennis)
- c. WTCPUA (Nathan & Dennis)
- d. Wastewater Treatment Plant Improvements and Odor Control (Dennis & Rick)

Eileen Grass reported on the trail system near Windmill Park. They are working through the estimate to remove decomposed granite by the end of the month. The excess will be installed in areas to mitigate flooding issues. They also worked with the HOA on the stack of wood that was piled up. The wood will be chipped and spread out. Mrs. Grass reported that she walked with the Aquatic Features contractor during the pond inspections.

Rick Triplett discussed the property conveyances between Taylor Morrison, HOA and the District. Attorney Bill Flickinger discussed the process. The conveyances should go from Taylor Morrison to the HOA to the District. If conveyance was done in this manner, and annexation was to occur, the District could convey the common area back to the HOA. Mike Moyer would like the District to pay for any additional costs associated with the conveyance. Mr. Flickinger advised that the District should be able to accommodate that request.

Nathan Neese discussed the adjustment to the wholesale water base rate. Currently the District is paying \$10,041 per month. The new rate will be \$11,536.58 per month. Bookkeeper Allen Douthitt advised that this is an effort to phase in the developing Districts. All clients with wholesale rates are being increased. Mr. Neese will call the PUA and get some more background information for the next meeting.

There was discussion of the ongoing odor complaints. Manager Jesse Kennis advised that the air scrubber was installed on the bar screen basis and the initial reports indicated it was effective. Recently, residents are smelling the odor again. Tom Rogers had to leave the meeting at this time. Engineer Dennis Lozano advised that the design for the EQ basin cover is complete. The estimated cost for installation is \$5,000. After discussion, President Dennis Daniel entertained a motion. Motion was made by Rick Triplett and seconded by Eileen Grass to proceed with installation of the EQ basin cover, not to exceed \$5,000. The motion carried unanimously.

15. MAINTENANCE AGREEMENT BETWEEN REUNION RANCH HOA AND THE DISTRICT FOR MAINTENANCE OF OPEN AREAS AND RIGHTS-OF-WAY

This item was not discussed.

16. OPERATIONS AND MAINTENANCE REPORT

- A. Administrative
- B. Wastewater Treatment Plant; Odor Control Measures and Complaints
- 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
- M. Notice of Violations Issued by TCEQ dated August 5, 2019
- N. Maintenance Items in connection with Pre-Purchase Inspection Letter submitted by TCEQ
- O. Purchase of sludge wasting meter for sludge box
- P. Out of District Water/Wastewater Service Requests
- Q. Request by resident for access to District property to install swimming pool; Policy regarding use of greenspace and other District property

Manager Jesse Kennis discussed the Executive Summary with the Board.

The District currently has 468 active connections. 12.8 million gallons of water were consumed in July. The District incurred a water gain of 0.4%. Inframark will continue to monitor the situation. Mr. Kennis reported that 30 delinquent letters were mailed out. However, no payment plans have been requested at this time.

Mr. Kennis advised that they would be self-reporting the excursion that occurred in June to the TCEQ tomorrow. There was discussion of the TCEQ exit interview. Mr. Kennis will work with the committee on this matter. Mr. Kennis would like to purchase a sludge box meter to measure the amount of solids wasted to better regulate the mixed liquor and solids management. The cost estimate is \$5,500. President Dennis Daniel asked if the wasting is automatic or manual. Mr. Kennis replied it was automatic. President Daniel also asked if the new plant will have a meter for the sludge. Mr. Kennis advised it would not. After discussion, the consensus of the Board was to not spend money on a temporary fix to purchase a meter for the sludge box. No action was taken.

Mr. Kennis reported that it was getting time to plant rye grass. The District's landscaper advised that it is about 60-80 days out. The cost will be approximately \$7,000. Once the 210 conversion is implemented, the planting of the rye grass will not be needed. Mr. Kennis will bring this item back to the September meeting.

17. EXPENDITURES, CONTRACTS, REPAIRS, REPLACEMENTS AND MAINTENANCE RELATED TO OPERATIONS AND MAINTENANCE REPORT IN ITEM 16 ABOVE

This item was not discussed.

18. EXTENSION OF MORATORIUM ON DISCONNECTIONS OF WATER SERVICE FOR NON-PAYMENT

President Dennis Daniel reiterated that he would like to continue the moratorium from month to month. After discussion to extend the moratorium month to month, motion was made by Rick Triplett and seconded by Eileen Grass to continue the moratorium on disconnections of water service for non-payment until the next board regular board meeting. The motion carried unanimously.

19. COMMUNICATION CHANNELS WITH CUSTOMERS/RESIDENTS

This item was not discussed.

20. 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 two fund transfers. Mr. Douthitt discussed the District's budget. To date, the District is over budget due to maintenance at the wastewater plant. After discussion, President Dennis Daniel entertained a motion. Motion was made by Nathan Neese and seconded by Eileen Grass to approve payment of the vendor invoices and per diems and approval of the fund transfers as presented. The motion carried unanimously.

21. PROPOSED BUDGET

Bookkeeper Allen Douthitt discussed the proposed budget with the Board. Mr. Douthitt presented two scenarios. One using a rate of \$0.125 for O&M and the other using \$0.150. The debt service needs to be \$0.75. The key assumptions are a total assessed valuation of \$223,014,820, the total tax rate and 36 new taps. Financial Advisor Garry Kimball discussed what is needed for the debt service rate and operational expenses. Mr. Douthitt reported that the District has a healthy fund balance of at least one-year of operating reserves. There was discussion of the bond rating. Mr. Kimball indicated that they look at 6 months to a year of reserves. Mr. Kimball is comfortable with the District's investment grade rating. Attorney Bill Flickinger discussed the procedural steps for action by the Board. The budget will not be approved until the September meeting.

22. ORDER SETTING THE DISTRICT'S PROPOSED TAX RATE FOR 2020 AND PROVIDING FOR PUBLICATION OF NOTICE THEREOF

Attorney Bill Flickinger discussed setting the District's proposed tax rate and publication thereof. Financial Advisor Garry Kimball advised that the split between O&M and debt service will remain the same as last year at \$.15 for O&M and \$.725 for debt with an overall tax rate of \$.875. Mr. Flickinger advised that the Notice will indicate a \$281.35 average increase on homestead, which is a 6.1% increase. The public hearing on the tax rate will be held on September 15th. After discussion, President Dennis Daniel entertained a motion for approval. Motion was made by Rick Triplett and seconded by Nathan Neese to adopt the Order Setting the District's Proposed Tax Rate for 2020 and Providing for Publication of Notice Thereof with the rates discussed above. The motion carried 4-0, Tom Rogers had left the meeting and was not present for this vote.

23. WEST TRAVIS COUNTY PUA MATTERS


This item was discussed above under the Committee Reports.

24. RATE ORDER

President Dennis Daniel asked if there were any proposed changes to water and wastewater rates. Attorney Bill Flickinger advised this is on the agenda as a standing item. Mr. Flickinger will leave this item on the agenda for the next meeting to discuss with budget. President Daniel discussed the current water and wastewater rates. How long have these rates been in effect? Rick Triplett commented that the rates are high. Mr. Flickinger will check to see when the last change to the rates occurred. President Daniel stated since the District has its own plant, we can use to adjust budget balance to maintain the District's financial health. President Daniel would like to keep taxes flat but may need to consider a rate increase.


25. ADJOURN

President Dennis Daniel adjourned the meeting.



Dennis Daniel, President
Reunion Ranch WCID

ATTEST:


Assistant Secretary
Reunion Ranch WCID

[SEAL]