

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 August 20, 2019 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 Secretary  
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, Jesse Kennis with Inframark, LLC, Mike Moyer with Taylor Morrison and Garry Kimball with Specialized Public Finance Inc.

3. CITIZEN COMMENTS

No citizens were present.

4. MINUTES OF PRIOR MEETINGS

President Nathan Neese entertained a motion for approval. Motion was made by Vince Terracina and seconded by Tom Rogers to approve the July 16, 2019 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 that the last phase in the District is under construction.

The sales are strong in the District. There were 10 sales in one month. A total of 382 homes have been sold to date. The average sales price is \$512,870. Without Frank Krasovec's private section, the District is 63% built out.

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

Mike Moyer presented and recommended approval of the following pay estimates. Engineer Dennis Lozano concurred with Mr. Moyer's recommendation.

Pay Estimate No. 6 submitted by JL Gray Construction, Inc. in the amount of \$21,937.14 for Phase 3 Section 3 Utilities; and

Pay Estimate No. 7 submitted by JL Gray Construction, Inc. in the amount of \$2,810.34 for Phase 3 Section 3 Utilities.

After discussion, motion was made by Tom Rogers and seconded by Vince Terracina to approve payment of the foregoing pay estimates as presented. The motion carried unanimously.

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

This item was not discussed.

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

Engineer Dennis Lozano discussed his report as included in the agenda package.

The 210 conversion project for converting the right-of-way and common area irrigation systems to use reclaimed water still needs preliminary engineering. Mr. Lozano is gathering

irrigation information to compete the project. The preliminary cost will be \$21,600. The contract will be between Murfee Engineering and Taylor Morrison.

9. NOTICE OF VIOLATIONS ISSUED BY TCEQ DATED AUGUST 5, 2019

Attorney Bill Flickinger discussed the Notice of Violations at the wastewater plant as received from the TCEQ. Water Section Manager Shawn Stewart called Mr. Flickinger and wants to set up a meeting to discuss the issues. Inframark is working to correct some of the repairs that can be done now. The District responded to the TCEQ and provided information from the District's engineer. There was discussion of the violations being cured with the plant expansion. The consultants and committee will set up a meeting with the TCEQ to review in detail. No action was taken at this time.

10. TCEQ RULEMAKING IN 30 TAC CHAPTERS 222 AND 309 – BENEFICIAL REUSE CREDITS FOR TREATED WASTEWATER

Engineer Dennis Lozano discussed the beneficial reuse credits for treated water. This will work in the District's favor. The rules have been issued in draft form. The comment period closed at the end of July. If these rules become effective, it could eliminate the need for the District to build new drip fields on the southside.

11. ALL ACTIONS AND DOCUMENTS NECESSARY OR CONVENIENT, OR BOTH, FOR THE DISTRICT'S 5<sup>TH</sup> BOND ISSUE

Engineer Dennis Lozano reported that the TCEQ is ok with the District's flow study as presented to them. The TCEQ is reviewing the impact fee language in the bond application. After review, hopefully it will be declared complete the bond issue can move forward. The application was submitted on June 5<sup>th</sup> under expedited review.

12. AMENDMENT TO FIRM WATER CONTRACT WITH THE LCRA

Engineer Dennis Lozano reported that the District will need to amend its Firm Water Contract with the LCRA to avoid paying an inverted block rate for raw water. After review of the water consumption, it is not likely that the District would exceed the MAQ this year, but could occur in 2020. The current MAQ is 262-acre feet. Mr. Lozano is working on a recommendation for a new MAQ. The Board discussed the Water Usage Projection prepared by Mr. Lozano. Director Dennis Daniel inquired if the MAQ could be increased or decreased at any time without penalty. He believed it was locked in for 5 years. Mr. Lozano will investigate that and come back at the next board meeting with an answer. After discussion, President Nathan Neese entertained a motion for approval. Motion was made by Dennis Daniel and seconded by Bubba Sykes to request a change to the MAQ to 350-acre feet. The motion carried unanimously.

13. COST ESTIMATE; WASTEWATER TREATMENT PLANT EXPANSION EXPENSES FUNDED BY DEVELOPER THROUGH REIMBURSEMENT OR DISTRICT THROUGH ISSUANCE OF BONDS; WASTEWATER TREATMENT PLANT IMPROVEMENTS AND MODIFICATIONS

The Board and consultants discussed the cost estimates of the wastewater treatment plant expansion. Financial Advisor Garry Kimball advised that it would be cheaper for the District to fund the costs but faster for the developer to fund it. There was discussion of the bonding process and possible sizing of the last issue. Engineer Dennis Lozano will prepare a memorandum of the pros and cons of reimbursement of the developer or issuing bonds to fund the expansion. Mike Moyer advised that he will consult with Michael Slack on the funding for Phase 2. Phase 1 construction could begin in late 2020 and wrap up in 2021. Motion was made by Dennis Daniel and seconded by Vince Terracina to authorize Taylor Morrison to proceed with the Phase 1 design and construction. The motion carried unanimously.

14. COMMITTEE REPORTS.

- a. Trail/Map/Ownership committee (Trail system within the District; Map of the District/HOA property; conveyances, easements and/or license agreements to the District or HOA from developer)
- b. PUA Rate committee

Attorney Bill Flickinger reported that he is waiting on information from Frank Krasovec's attorney on the common area in Mr. Krasovec's private section.

15. 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
- M. Charges by Inframark for HOA meters
- N. TCEQ Notice of Violations dated August 5, 2019

Manager Jesse Kennis presented and discussed his Executive Summary.

There is a total of 381 active connections. The average monthly water consumption was 9.1 million gallons. Mr. Kennis reported that the chlorine residuals and bacteriological samples are satisfactory. There was no water loss reported this period.

The delinquencies for July are as follows: 10 letters were mailed out, 9 door tags were hung and there were no disconnects.

Mr. Kennis reported that the wastewater plant is operating at 78% capacity. Mr. Kennis reported on maintenance issues at the plant. The GST vent and cover have corroded and need to be replaced. The interior coating of the GST should be evaluated within the next five years. The GST target float level indicator also had to be replaced. These failures are due to the chlorine ventilation. Director Daniel agreed that it needs proper ventilation. Mr. Kennis also reported that a new lab bench and sink were fabricated due to a leak and damage to the vanity cabinet.

The box culvert and apron under Jacksdaw has been cleaned up as discussed at the last board meeting.

The Board asked if any odor complaints at the amenity center have been received. Mr. Kennis stated that Inframark has not received any further complaints.

Mr. Kennis discussed a billing adjustment at 122 Denise Cove in the amount of \$644.95. There was an unknown leak on the customer's side. The homeowner submitted the appropriate paperwork on the repair. Motion was made by President Nathan Neese and seconded by Dennis Daniel to approve the adjustment as presented by Inframark. The motion carried unanimously. Director Daniel would like to see a leak adjustment policy added to the rate order.

Attorney Bill Flickinger discussed the fee for commercial connections in the Inframark contract. This fee includes HOA connections. The fee is based on water consumption. As the Board is aware, they recently began charging the HOA for its water usage. Manager Jesse Kennis reported that his office is working through this and will come back to the Board next month on a remedy.

16. EXPENDITURES, CONTRACTS, REPAIRS, REPLACEMENTS AND MAINTENANCE RELATED TO OPERATIONS AND MAINTENANCE REPORT IN ITEM 15 ABOVE

This item was not discussed.

17. COMMUNICATION CHANNELS WITH CUSTOMERS/RESIDENTS; RULES REGARDING COMMENTS BY MEMBERS OF THE PUBLIC AT BOARD MEETINGS

Attorney Bill Flickinger discussed the new legislation regarding setting rules regarding comments by members of the public to the Board of Directors at a board meeting. The rules address signing an attendance sheet to identify the item the member would like to address and setting a time limit for discussion. After discussion, President Nathan Neese entertained a motion

for approval. Motion was made by Bubba Sykes and seconded by President Neese to adopt the Resolution Adopting Rules Regarding Public's Right to Address the Board of Directors. The motion carried unanimously.

18. 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 and per diems and authorization of a fund transfer. 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 vendor invoices and per diems and authorize the fund transfer as presented. The motion carried unanimously.

19. BOOKKEEPING SERVICES AGREEMENT

Bookkeeper Allen Douthitt addressed the Board to discuss a possible increase to the bookkeeping services agreement. The rates have remained the same since 2012. The current monthly fee is \$1,700 and Mr. Douthitt proposed an increase to \$2,000 per month. The Board agreed to that increase. Mr. Douthitt will present an amendment to the contract at the next board meeting. Mr. Douthitt thanked the Board for their consideration. No action was taken at this time.

20. ORDER APPROVING BUDGET FOR 2019/2020

Bookkeeper Allen Douthitt presented a proposed budget. The budget was based on an assessed valuation of \$169,812,068 and an overall tax rate of \$.875. After discussion, the Board will considered the budget at next month's board meeting. No action was taken at this time.

21. ORDER SETTING THE DISTRICT'S PROPOSED TAX RATE FOR 2019 AND PROVIDING FOR PUBLICATION OF NOTICE THEREOF

Financial Advisor Garry Kimball discussed setting the proposed tax rate. Mr. Kimball recommend decreasing the O&M rate and increasing the debt service rate. However, the overall tax rate will remain the same as last year's rate at \$.875. The District's public hearing will be held at the next Board meeting which has been scheduled for September 11<sup>th</sup>. Hays County requires setting the tax rate by September 15<sup>th</sup>, therefore the meeting schedule was adjusted. There was a slight increase in appraised value and the taxes were increased by 4.7%. After discussion, motion was made by Dennis Daniel and seconded by President Nathan Neese to adopt the Order Setting the District's Proposed Tax Rate for 2019 and Providing for Publication of Notice Thereof with the rates set forth above. The motion carried unanimously.

22. WEST TRAVIS COUNTY PUA MATTERS; INCLUDING POTENTIAL ADJSUTMENT TO WHOLESALE WATER AND WASTEWATER RATES AND CURRENT WATER RESTRICTIONS

Bookkeeper Allen Douthitt discussed the PUA letter on the adjustment to wholesale water and wastewater rates. The wholesale water base fee for the District will be \$10,041.09 and the volumetric rate will be \$1.65 per 1,000 gallons. The rates will become effective on October 1, 2019.

23. PUBLIC HEARING ON DROUGHT CONTINGENCY PLAN

President Nathan Neese opened the public hearing on the Drought Contingency Plan. Hearing no comments, President Neese closed the public hearing.

24. DROUGHT CONTINGENCY PLAN

Attorney Bill Flickinger discussed the new watering schedule as implemented by the PUA. Director Dennis Daniel advised that he is irritated with the PUA regarding this matter. However, he is supportive with conserving water. Mr. Flickinger discussed the Amended Drought Contingency Plan with the Board. Mr. Flickinger was made aware today that the PUA amended its Drought Contingency Plan. The revisions to the District's plan outlines the new watering schedule. After discussion, President Nathan Neese entertained a motion for approval. Motion was made by Tom Rogers and seconded by Bubba Sykes to adopt the changes outlined in the redline version of the District's Drought Contingency Plan and adopt provisions similar to the newly adopted Drought Contingency Plan of the PUA. The motion carried unanimously.

25. RATE ORDER

Director Dennis Daniel would like to see a leak adjustment policy added to the rate order. The adjustment should drop down to the first tier of normal water usage for that time period if applicable.

26. RESOLUTION ESTABLISHING OFFICES, MEETING PLACES AND REGULAR MEETING TIMES

Attorney Bill Flickinger advised that due to new legislation, the District will need to justify the reason for the board meetings not being held within the District. At this time, there is no suitable meeting place within the District. A private residence is not a practical place for a monthly board meeting. The District is also saving money by not having the consultants and majority of the Board traveling to the District or within a 10-mile radius of the District on a monthly basis. After discussion, President Nathan Neese entertained a motion for approval. Motion was made by Bubba Sykes and seconded by Tom Rogers to adopt the Resolution Establishing Offices, Meeting Places and Regular Meeting Times as presented. The motion carried unanimously. The Resolution will be filed with the TCEQ and published in the *Hays Free Press* as required.

27. DISTRICT WEBSITE; PROPOSAL(S) FOR CREATION OF DISTRICT WEBSITE

Attorney Bill Flickinger advised that due to new legislation, the District will need to maintain a website by the first of the year. The website will include among other items, posting of Agendas, Minutes, Audits, election information and information on the District and Board of Directors. No action was taken at this time.

28. LEGISLATIVE UPDATE

There was no further discussion on this item.

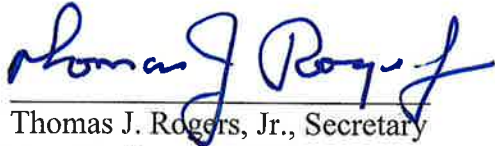
29. ADJOURN

President Nathan Neese adjourned the meeting.



Nathan Neese, President  
Reunion Ranch WCID

ATTEST:



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

[SEAL]