

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 21, 2018 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, Garry Kimball with Specialized Public Finance and resident Gary Grass.

3. CITIZEN COMMENTS

Resident Gary Grass discussed the upkeep of the trail system. The residents are complaining that there are rocky areas of the trails, which make it difficult to push strollers across. Mike Moyer with Taylor Morrison advised that he would look into the matter and get it fixed.

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 Bubba Sykes and seconded by Tom Rogers to approve the July 17, 2018 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 discussed the homebuilding metrics within the District. 295 homes have been sold to date. The average appraised value within the District is \$506,760.

Mr. Moyer reported that they are in the final stages on close out with Phase 2 Section 4. Phase 3 Sections 2 & 5 are with the County and getting ready for walk throughs. Phase 3 Section 3 is the final phase in the subdivision. Mr. Moyer reported that they are still working on the permitting. Construction will probably commence in December/January.

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 estimate and change order. Engineer Dennis Lozano also concurred with Mr. Moyer's recommendation.

Pay Estimate No. 8 in the amount of \$32,761.89 in connection with Reunion Ranch Phase 2, Section 4 submitted by Central Road and Utility, Ltd.; and

Change Order No. 1 in the amount of \$11,125.00 in connection with Reunion Ranch Phase 2, Section 4 submitted by Central Road and Utility, Ltd. This change order is needed due to revisions at the lift station, which is retro fitting electrical components.

After discussion, motion was made by Vince Terracina and seconded by President Nathan Neese to approve payment of the foregoing pay estimate as presented. The motion carried unanimously. President Neese then entertained a motion for approval of the Change Order. Motion was made by Vince Terracina and seconded by Tom Rogers to approve the Change Order as presented. The motion carried unanimously.

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

Mike Moyer stated that Phase 3 Section 3 will be advertised in October. No action is needed at this time.

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.

Phase 2 Section 4 and Phase 3 Sections 2 & 5 are nearing completion. Preliminary walk throughs have been conducted. The contractor is finishing up drainage items. Once those are complete, final walk throughs will be conducted.

Mr. Lozano reported on the TLAP Major Amendment. The draft permit has been issued by the TCEQ. They are in the 2<sup>nd</sup> notice round, which may get comments from protestors. All is looking good right now.

In regard to the 4<sup>th</sup> bond application, the TCEQ should be issuing the final approval. Financial Advisor Garry Kimball advised that he needs the approval letter by mid-September to be able to sell and close in December.

The wastewater flow and projections are still on track. As stated at last month's meeting, the uptick is due to the misters at the plant.

9. AGREEMENT WITH MURFEE ENGINEERING CO., INC. FOR GIS MAPPING OF DISTRICT

Attorney Bill Flickinger discussed the proposed Agreement submitted by Murfee Engineering for the GIS database development. Some of the provisions in the Agreement have been revised. Director Bubba Sykes asked about a timeline for this project. Engineer Dennis Lozano stated that once the project gets started, it will take about 90-days to complete. There was discussion of a delayed start so that the budget can be reviewed in detail. After discussion, President Nathan Neese entertained a motion for approval. Motion was made by Dennis Daniel and seconded by Tom Rogers to approve the Agreement for the Provision of Limited Professional Services in connection with the GIS Database Development with a delayed start time until after the next board meeting, which is scheduled for September 18<sup>th</sup>. The motion carried unanimously.

10. ALL ACTIONS AND DOCUMENTS NECESSARY OR CONVENIENT, OR BOTH, FOR THE DISTRICT'S 4<sup>TH</sup> BOND ISSUE

This item was discussed above in the Engineer's Report.

11. TRAIL SYSTEM WITHIN THE DISTRICT; MAP OF THE DISTRICT/HOA PROPERTY

Mike Moyer advised that they hired Carlson, Brigance & Doering to create a boundary map of the District, including the easements, HOA property and Taylor Morrison owned land. The

trail plan was previously sent to the City of Dripping Springs, which he can send to the Board for review. Dennis Daniel would like to have a detailed discussion on the duties of the District and HOA and the responsibilities of each. Attorney Bill Flickinger suggested appointing a committee to work on this matter and work with the HOA.

## 12. 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

Branch Manager Jesse Kennis introduced himself to the Board.

Mr. Kennis discussed manager's report as included in the agenda package. There is a total of 302 connections, 293 of which are residential. The average monthly water consumption for residential use is 19,809 gallons. Total water receivables for the month of July was \$82,379. The delinquencies for July are as follows: 10 letters were mailed out, three door tag were hung and there were no disconnects for non-payment.

Mr. Kennis reported no issues with the water quality monitoring. Once again, all levels are trending well. The water accountability showed 116%, which was likely due to a fire hydrant meter being left out of the billing.

The wastewater plant is operating at 76% capacity and is in full compliance. The capacity level is higher than expected, which could be due to the misters at the wastewater plant running into the basin.

Director Dennis Daniel asked if the District is billing for the ROW and common area irrigation. Mr. Kennis advised that those are tracking meters.

Engineer Dennis Lozano discussed effluent irrigation. The District currently has a 210 permit but that irrigation is not used at this time. More discussion on this topic will be held at the September meeting. Mr. Lozano is working on a memorandum to explain the effluent irrigation. Mike Moyer will get a map that shows all the purple pipe locations.

13. EXPENDITURES, CONTRACTS, REPAIRS, REPLACEMENTS AND MAINTENANCE RELATED TO OPERATIONS AND MAINTENANCE REPORT IN ITEM 12 ABOVE

This item was not discussed.

14. 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. The District is trending well for the year. Today's consideration will include payment of vendor invoices and per diems. 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 as presented. The motion carried unanimously.

15. BANK ACCOUNT SECURITY; DISTRICT DEPOSITORY

Bookkeeper Allen Douthitt discussed the positive pay with the Board. First Citizens Bank has a two-step process. Mr. Douthitt will need to set up another account to work through. The positive pay will go live after next month's meeting.

16. ORDER APPROVING BUDGET FOR 2018-2019

17. ORDER SETTING THE DISTRICT'S PROPOSED TAX RATE FOR 2018 AND PROVIDING FOR PUBLICATION OF NOTICE THEREOF

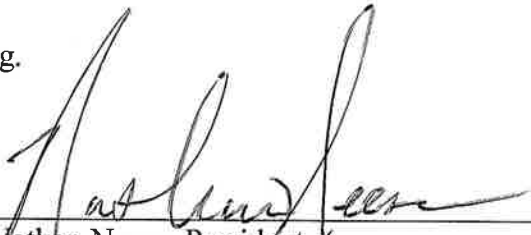
Attorney Bill Flickinger discussed Items 16 and 17 together. Bookkeeper Allen Douthitt presented the proposed budget to the Board. The budget is based on an assessed valuation of \$134,087,268 and a proposed overall tax rate of \$0.875. The tax rate split is as follows: M&O at \$0.175 and debt service at \$0.700. Financial Advisor Garry Kimball advised the projection looks good. There was discussion of the future bond issues, which should be three more, with the last one in 2020. Mr. Allen also presented an Analysis of Project Fund Balance as requested by Director Dennis Daniel. The project kept the same tax rate going out to 2024. Mr. Daniel discussed designating fund balance and putting notes on uses and creating a detailed capital improvement plan. Mr. Douthitt will work with Director Daniel on this matter.

After further discussion, the Board agreed to approve the District's budget at the September meeting.

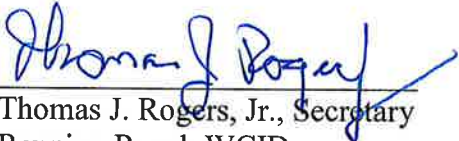
Attorney Bill Flickinger discussed the public hearing on the tax rate and publication thereof. Mr. Kimball advised not to lower the tax rate until all the bond issues are completed, which will probably be in 2020. After discussion of the tax rate, motion was made by President Nathan Neese and seconded by Vince Terracina to adopt the Order Setting the District's Proposed Tax Rate for 2018 and Providing for Publication of Notice Thereof, inserting a M&O rate of \$0.175, a debt service rate of \$0.70, with an overall tax rate of \$0.875. The motion carried unanimously. The overall tax rate is the same rate as previous years.

18. ADJOURN

President Nathan Neese adjourned the meeting.

  
Nathan Neese, President  
Reunion Ranch WCID

ATTEST:

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

