

MINUTES OF SPECIAL MEETING  
OF  
REUNION RANCH WATER CONTROL AND IMPROVEMENT DISTRICT

STATE OF TEXAS           §  
                                          §  
COUNTY OF HAYS         §

A special meeting of the Board of Directors of Reunion Ranch Water Control and Improvement District, open to the public, was held on September 7, 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 - President  
Vince Terracina – Vice President  
David Bosco, Jr. - Secretary  
George “Bubba” Sykes – Assistant Secretary  
Mike Ehrhardt – Assistant Secretary

thus constituting a quorum. All Directors were present.

Also present at the meeting were Bill Flickinger with Willatt & Flickinger, PLLC, Michael Slack with Taylor Morrison, Dennis Lozano with Murfee Engineering, Ashlee Martin with Bott & Douthitt, Scott Manuel with Severn Trent and Jeniffer Concienne with Willatt & Flickinger, PLLC.

3. CITIZEN COMMENTS

There were no citizen comments made at the meeting.

4. MINUTES OF PRIOR MEETINGS

Jeniffer Concienne advised that the Minutes were included in the agenda package for consideration. Motion was made by Bubba Sykes and seconded by David Bosco to approve the Minutes as presented. The motion carried unanimously.

5. PUBLIC HEARING ON TAX RATE

President Nathan Neese opened the public hearing on the tax rate. Hearing no comments, President Neese closed the public hearing.

6. ORDER APPROVING THE DISTRICT'S APPRAISAL ROLL AND SETTING THE DISTRICT'S TAX RATE FOR 2016

Attorney Bill Flickinger discussed approving the appraisal roll and setting the District's tax rate. The overall rate will be \$.8750 per \$100 of taxable value. This is the same rate as last year. Developer Michael Slack discussed the M&O rate and the debt service rate. The District's appraised value came in at \$64,770,928. After discussion, motion was made by President Nathan Neese and seconded by Vince Terracina to adopt the Order Approving the District's Appraisal Roll and Setting the District's Tax Rate for 2016 as presented. The motion carried unanimously.

7. 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 176 lots sold to date. The average sales price in the District is \$498,870. There have been 25 60' lots sold, 84 70' lots, 17 80' lots and 50 90' lots sold.

President Nathan Neese asked about the status of Frank Krasovec's custom lots. Mr. Slack advised that the lots are finished but he is not aware of any that have been signed up.

Bubba Sykes asked how many lots are within the District at buildout. Mr. Slack replied that there will be 524 lots, 39 of those are Mr. Krasovec's custom lots.

8. DISTRICT'S RATE ORDER

Attorney Bill Flickinger advised that this item was on the agenda in case the District's rates needed to be increased due to the PUA increase. Developer Michael Slack advised that the base rate went up and the volumetric rate went down. Bubba Sykes asked if a chart can be prepared to show the effect of the rates to the District. Mr. Slack advised that he would work on it for discussion and possible action at the next board meeting. President Nathan Neese advised that the District needs to be sure to cover its costs and other costs if need be. Engineer Dennis Lozano advised that it would be a good idea to contact the District's financial advisor Garry Kimball to see if any bond amounts should be taken into consideration. Attorney Bill Flickinger advised that sometimes it is safer to raise the base fee because the volumetric rate depends on the customer's water usage.

9. 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. Mr. Lozano reported on the wastewater permit major amendment. He wants a solid grasp of nitrogen levels before submitting the application to the TCEQ. Michael Slack asked about a timeline for submission. Mr. Lozano reported that the application is essentially complete except for the information on the nitrogen. Mr. Lozano and the Board then discussed the wastewater flow projections in detail. According to the chart, the expansion of the plant has been pushed out to 2023. Developer Michael Slack stated that it seems too hard to determine the actual expansion from the chart. Mr. Lozano is confident that the chart is ahead of plan and he is just trying to be conservative. The average flow per day in the District is 105 and the highest reported was 135. President Nathan Neese asked about if a lot of residents move into the District and the use jumps up. Mr. Slack indicated that most of the buyers have been "empty nesters." Mr. Lozano will monitor the flows regularly and advise the District accordingly. When the District first filed its permit, the TCEQ's recommendation for gpd was 300. Mr. Slack stated that hopefully the rules will change on reuse and the District will be able to get a credit for that in connection with irrigation of the drip fields.

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

Attorney Bill Flickinger and Engineer Dennis Lozano discussed the status of the rulemaking procedures for beneficial use of effluent. As reported previously, the City of Austin filed a petition with the TCEQ. The City's petition is online but the proposed rules have not yet been posted. Mr. Lozano will monitor and report back to the Board.

11. ANY OTHER ACTIONS AND DOCUMENTS NECESSARY OR CONVENIENT, OR BOTH, FOR THE DISTRICT'S 2<sup>ND</sup> BOND ISSUE, INCLUDING REVISED RESOLUTION AUTHORIZING APPLICATION TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY FOR APPROVAL OF ENGINEERING PROJECT AND \$3,700,000 REUNION RANCH WATER CONTROL AND IMPROVEMENT DISTRICT BOND ISSUE

Engineer Dennis Lozano reported that the TCEQ flagged an issue on the bond resolution due to not listing the surplus funds. The review has been pulled off expedited review. The TCEQ also had other minor issues. Attorney Bill Flickinger sent draft of the revised resolution to the TCEQ staff for review to be sure they were ok with the changes made to the surplus funds. The TCEQ advised that the revised resolution was acceptable. Mr. Lozano reported that the TCEQ should submit their preliminary approval memo within 30 days. Developer Michael Slack indicated that it is cutting it close and he wants to get with Financial Advisor Garry Kimball on a timeline. After discussion, President Nathan Neese entertained a motion for approval. Motion

was made by Bubba Sykes and seconded by Mike Ehrhardt to adopt the Revised Resolution Authorizing Application to the Texas Commission on Environmental Quality for Approval of Engineering Project and \$3,700,000 Reunion Ranch Water Control and Improvement District Bond Issue as presented. The motion carried unanimously.

12. 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 Scott Manuel briefly discussed the Manager's Report as included in the agenda package. Mr. Manuel reported that a resident has requested an adjustment to their water bill. Their lawn was sodded and watered a great deal for three weeks prior to them moving in. They are requesting a reduced rate to the first tier. The bill was \$1,349 and with the discount it would be \$413. Developer Michael Slack would like to discuss this with the builder prior to the board making a decision. He would like to know why the owners did not move in right after closing. Attorney Bill Flickinger recommended the account be put on hold to determine the circumstances. Mr. Slack will report back to the Board at the next meeting for a decision.

13. BOOKKEEPER'S REPORT ON THE FINANCIAL AFFAIRS OF THE DISTRICT, INCLUDING AUTHORIZATION OF PAYMENT OF BILLS

Bookkeeper Ashlee Martin presented and discussed the updated cash activity report. Ms. Martin is just reporting on the July financials only due to the early meeting. They have not yet received the August bank statement. The District is running ahead of budget at this time. After discussion, motion was made by President Nathan Neese and seconded by David Bosco to approve the invoices and per diems as presented. The motion carried unanimously.

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

This item is a standing item and was not discussed.

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

Developer Michael Slack reported that they will be advertising this week for the next section. The bid opening will occur on October 4<sup>th</sup> and the award will be presented at the next board meeting.

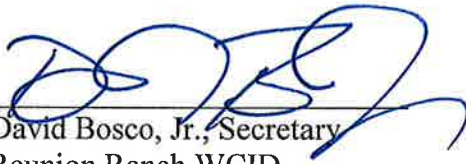
16. ADJOURN

President Nathan Neese adjourned the meeting.



Nathan Neese, President  
Reunion Ranch WCID

ATTEST:



David Bosco, Jr., Secretary  
Reunion Ranch WCID

[SEAL]

