

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 at 2:00 p.m. on September 11, 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. PUBLIC 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 August 20, 2019 meeting 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, the public hearing was closed.

6. ORDER APPROVING BUDGET FOR 2019/2020

Bookkeeper Allen Douthitt discussed the proposed budget. Director Dennis Daniel would like a 10-year horizon report on large expenditures, such as the pond maintenance. Key assumptions for the budget include the assessed valuation, a tax rate of \$.875 and 36 new taps. After discussion, motion was made by President Nathan Neese and seconded by Bubba Sykes to adopt the Order Approving Budget as presented. The motion carried unanimously.

7. ORDER APPROVING THE DISTRICT'S APPRAISAL ROLL AND SETTING THE DISTRICT'S TAX RATE FOR 2019

Financial Advisor Garry Kimball advised that the split between O&M and debt service is \$.15 for O&M and \$.725 for debt with an overall tax rate of \$.875. After discussion, President Nathan Neese entertained a motion for approval. Motion was made by Tom Rogers and seconded by Vince Terracina to adopt the Order Approving the District's Appraisal Roll and Setting the District's Tax Rate for 2019 with the rates above. The motion carried unanimously.

8. 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 homebuilding metrics. A total of 389 homes have been sold. However, this figure does not include Frank Krasovec's section. The average sales price is \$514,147. Mr. Moyer reported that there have been seven homes sold since last month.

The finishing touches are going on in Phase 3 Section 3. The inspections are planned for next week. There was a brief discussion of the new trail within that section.

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

Mike Moyer discussed and recommended approval of the following pay estimate.

Pay Estimate No. 8 submitted by JL Gray Construction, Inc. in the amount of \$52,306.96 for Phase 3 Section 3 Utilities.

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 foregoing pay estimate as presented. The motion carried unanimously.

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

This item was not discussed.

11. 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 that the misting system flow is contributing to the uptick in the flow projections again.

Mr. Lozano discussed his memo on remaining eligible bond reimbursements. The bottom line is that the District will issue its entire authorized amount of bonds totaling \$30 million. Mr. Daniel also wants Taylor Morrison to proceed with Phases 1 and 2 quickly.

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

Attorney Bill Flickinger reported on the Notice of Violations and the conference call between the District representatives and TCEQ staff. The TCEQ is working with the District on the deadlines to complete the needed work at the wastewater plant. Engineer Dennis Lozano reported that he met with the TCEQ last week to discuss some of sampling issues in detail. Mr. Lozano will draft a letter to permitting at the TCEQ on the District's sampling.

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

Engineer Dennis Lozano reported that the comment period closed at the end of July for the beneficial reuse credits for treated water. The TCEQ received a number of comments and are working through them. Mr. Lozano had nothing further to report.

14. ALL ACTIONS AND DOCUMENTS NECESSARY OR CONVENIENT, OR BOTH, FOR THE DISTRICT'S 5TH BOND ISSUE

Engineer Dennis Lozano reported the bond application is under final review at the TCEQ. The staff reviewer advised it should be out by next week. Financial Advisor Garry Kimball stated that if the bond application is finalized soon, he can have an offering document at the October board meeting and the sale could occur in November.

15. AMENDMENT TO FIRM WATER CONTRACT WITH THE LCRA

Engineer Dennis Lozano reiterated that the District will need to amend its Firm Water Contract with the LCRA. Mr. Lozano discussed his proposal to complete the required application and submit it with the LCRA. After discussion, motion was made by Dennis Daniel and seconded by President Nathan Neese to approve the Agreement for the Provision of Limited Professional Services for the Raw Water Contract Amendment between the District and Murfee Engineering as presented. The motion carried unanimously.

16. 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. Engineer Dennis Lozano prepared a memorandum to analyze the District's remaining bond authorization as compared to the estimated eligible costs in order to inform decision making regarding the funding and reimbursement of the wastewater treatment plant expansion moving forward. Mr. Lozano reiterated that the bottom line is that the District will issue its entire bond authorization amount of \$30 million. After discussion, President Nathan Neese entertained a motion for approval. Motion was made by Dennis Daniel and seconded by Tom Rogers to move forward with the entire wastewater treatment plant expansion all at once to be funded by Taylor Morrison and to proceed with all due hast. The motion carried unanimously.

17. 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 reiterated that he is waiting on information from Frank Krasovec's attorney on the common areas in Mr. Krasovec's private section.

18. 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 389 active connections. The average monthly water consumption was 8 million gallons. Mr. Kennis reported that the chlorine residuals and bacteriological samples are satisfactory. The water loss measured 2.91% this period.

The delinquencies for August are as follows: 10 letters were mailed out, 4 door tags were hung and there were no disconnects.

Mr. Kennis reported that the wastewater plant is operating at 84% capacity. Mr. Kennis reported on maintenance issues at the plant. The hypochlorite pump has been failing twice a week, as it is undersized. This pump is a critical component and Mr. Kennis requests the authorization to purchase a new one. Motion was made by Dennis Daniel and seconded by Tom Rogers to authorize replacement of the pump as discussed. The motion carried unanimously. As discussed at last month's meeting, the GST vent and cover have been ordered. The parts should arrive in a couple of weeks. Director Dennis Daniel discussed solar power vents on the tank, so that it can air out. There was discussion of corrosion of the ladder and possibility of corrosion of the interior coating of the tank.

Mr. Kennis requested authorization for the fall over seeding. President Nathan Neese entertained a motion for approval. Motion was made by Dennis Daniel and seconded by Bubba Sykes to approve the expenditure for the fall over seeding. The motion carried unanimously.

The Board and consultants discussed the odor complaints around the amenity center. Inframark received a call about odor outside of the amenity center area. This led to discussion that it could be manhole gas. Mr. Kennis suggested meeting with the residents and committee on-site at the amenity center. Mr. Kennis will get with Alec at Murfee Engineering to review the manhole areas and perform additional testing. After discussion, motion was made by Dennis Daniel and seconded by President Nathan Neese to authorize an expenditure up to \$1,000 for further odor control testing. The motion carried unanimously.

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

This item was not discussed.

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

There was discussion of posting the MUD agendas in the HOA's bulletin board case at the amenity center.

21. INFRAMARK CONTRACT

Manager Jesse Kennis discussed the commercial/HOA fees within their contract. After review by Kristi Hester, effective September 11, 2019, Mr. Kennis agreed to a \$5.00 per commercial/HOA connection instead of the consumption fee as previously charged. Mr. Kennis will bring the contract amendment back to the Board at its next board meeting.

22. 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 three fund transfers. After discussion, President Nathan Neese entertained a motion for approval. Motion was made by Bubba Sykes and seconded by Vince Terracina to approve payment of the vendor invoices and per diems and authorize the fund transfers as presented. The motion carried unanimously.

23. BOOKKEEPING SERVICES AGREEMENT

Bookkeeper Allen Douthitt did not have the new Bookkeeping Services Agreement ready for execution and will bring it back at the October meeting.

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

This item was not discussed.

25. RATE ORDER

Attorney Bill Flickinger advised that the rate order was amended to add the leak adjustment policy as directed by Director Dennis Daniel at the last board meeting. Motion was made by Dennis Daniel and seconded by President Nathan Neese to adopt the Order Establishing Water

and Wastewater Service Rates, Charges, Tap Fees and Solid Waste Disposal/Recycling Fees and Adopting General Policies with Respect to the District's Water, Wastewater and Drainage Systems. The motion carried unanimously.

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

Director Vince Terracina has a contact for website creation that he will send to Jeniffer Concienne. After that information is received, Mrs. Concienne will obtain a proposal for the website creation. This item will be discussed further at next month's meeting. No action is needed.

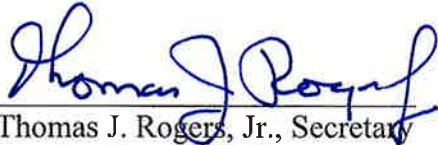
27. ADJOURN

President Nathan Neese adjourned the meeting.



Nathan Neese, President
Reunion Ranch WCID

ATTEST:



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

[SEAL]

