

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 September 18, 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, Kristi Hester with InfraMark, LLC, Michael Slack and Mike Moyer with Taylor Morrison, Garry Kimball with Specialized Public Finance and residents Gary Grass and Kevin Heerema.

3. CITIZEN COMMENTS

Resident Kevin Heerema discussed the current tax rate, budget and bond issues. Mr. Heerema was interested in a timeline as to when the District’s tax rate could be decreased. He also inquired about any overages in the budget and where the money goes. It was explained that any overages go into the operating fund to build a balance. The District’s authorized bond issues total \$30,000,000. Engineer Dennis Lozano advised that there are a few more bond issues left so long as the assessed valuation supports it.

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 Vince Terracina and seconded by Tom Rogers to approve the August 21, 2018 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, President Neese closed the public hearing.

6. ORDER ADOPTING BUDGET

Bookkeeper Allen Douthitt presented and discussed the draft budget. The budget was not changed from last month's draft. Mr. Douthitt stated that he is still working on the reserve balance sheet as Director Dennis Daniel requested. Mr. Daniel advised that was fine. The budget is based on a \$0.875 overall tax rate. 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 Budget as presented. The motion carried unanimously.

7. ORDER APPROVING THE DISTRICT'S APPRAISAL ROLL AND SETTING THE DISTRICT'S TAX RATE FOR 2018

Attorney Bill Flickinger discussed the publication of the Notice of Public Hearing on Tax Rate as required. The proposed rates as recommended by the District's financial advisor are as follows: O&M at \$0.175, debt service at \$0.700 with an overall rate of \$0.875. The District's appraised valuation is \$134,087,268. After discussion, President Nathan Neese entertained a motion for approval. Motion was made by Tom Rogers and seconded by Bubba Sykes to adopt the Order Approving the District's Appraisal Roll and Setting the District's Tax Rate for 2018. The motion carried unanimously.

8. ORDER ESTABLISHING WATER AND WASTEWATER 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

Attorney Bill Flickinger is not aware of any changes needed to the rate order.

Director Dennis Daniel discussed the \$1.00 charge for electronic payments. Manager Kristi Hester stated that fee is not included in the rate order, but is a vendor fee. There was discussion of the District absorbing that fee. Mrs. Hester will compile a report showing the number of residents signed up for credit card/electronic payments and how much those fees total for the next board meeting.

9. 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. 306 homes have been sold to date. The average appraised value within the District is \$507,691.

Mr. Moyer presented an updated map to the Board. TCEQ approval was received for Phase 3 Section 3. Permitting should be complete by the end of year with construction beginning in January 2019. Sales are good with about 4 sales per month.

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

This item was not discussed.

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

This item was not discussed.

12. 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 the District's engineering matters. There is not a lot that has changed since last month.

In regard to the 4th bond application, the TCEQ missed the expedited review deadline. The TCEQ reported that final approval should be issued at the end of the month. Mr. Lozano stated that he requested the pre-purchase inspection so that will be done soon. Financial Advisor Garry Kimball advised so long as he gets the TCEQ final approval soon, the bonds should be able to sell and close in December.

Mr. Lozano and Mike Moyer discussed what should all be included in the GIS map. There was discussion of the irrigation as-built plans being helpful if they exist. If not, a walk-thru can be conducted with the operator to scope out the layout. This information would be helpful in the map that Mr. Moyer is preparing.

13. ALL ACTIONS AND DOCUMENTS NECESSARY OR CONVENIENT, OR BOTH, FOR THE DISTRICT'S 4TH BOND ISSUE

Financial Advisor Garry Kimball stated that if the TCEQ does not send final approval soon, it is possible that a special board meeting will need to be scheduled to consider all the bond documentation.

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

Mike Moyer advised that Carlson, Brigance & Doering is working on the map to show all the District/HOA property as requested. It should be completed by the end of the month. Once he receives it, he will share it with the Board. There was discussion of the trails being added to the map as well, which would be very helpful. Michael Slack discussed the options of the HOA or District maintaining the trails. Director Dennis Daniel would like to have a detailed discussion at some point on this matter, including the irrigation and maintenance of the right-of-way.

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

Manager Kristi Hester discussed the manager's report as included in the agenda package. There is a total of 305 connections, 297 of which are residential. The average monthly water consumption for residential use is 23,798 gallons. Total water receivables for the month of August was \$98,835. The delinquencies for August are as follows: 11 letters were mailed, four door tags were hung and there was one disconnect for non-payment. After payment, that account was restored. Mrs. Hester said that her office provided her the number of transactions that are paid online, which are: 45 credit card transactions and 87 electronic check payments. As stated above, she will provide the cost of those fees at the next board meeting.

The water accountability showed 99%. Mrs. Hester discussed the District's and PUA's meter reads, which rule out any issues.

The wastewater plant is operating at 74% capacity and is in full compliance. The capacity level is still higher than expected due to the misters at the wastewater plant running into the basin.

The misters have been dialed back now that school is back in. They run from 3:00 p.m. to 9:00 p.m. Mrs. Hester is not aware of any odor complaints.

Michael Slack discussed the timeline to star the design of the expansion at the wastewater plant. Engineer Dennis Lozano advised that once the major amendment permit is in hand, design can begin if the Board chooses to move forward. In reality, the plant is only operating at 60% capacity.

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

This item was not discussed.

17. 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 currently ahead of plan due to the water sales. Today's consideration will include payment of vendor invoices and per diems and 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.

18. FIRST CITIZENS BANK BUSINESS AND TREASURY SERVICES AGREEMENT

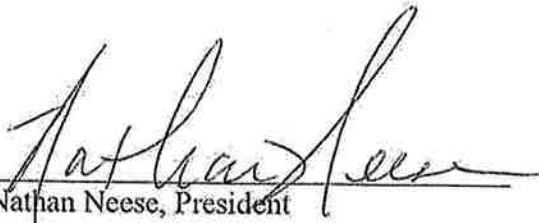
Bookkeeper Allen Douthitt discussed the Business and Treasury Services Agreement with First Citizens Bank for positive pay. After discussion, President Nathan Neese entertained a motion for approval. Motion was made by Dennis Daniel and seconded by Tom Rogers to approve the Business and Treasury Services Agreement with First Citizens Bank as presented. The motion carried unanimously.

19. UTILITY CONVEYANCE AGREEMENT BETWEEN THE DISTRICT AND TAYLOR MORRISON OF TEXAS, INC.

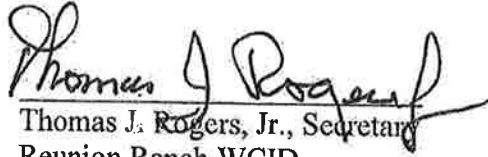
Attorney Matt McPhail discussed conveying the wastewater treatment plant to the District. Section 1A was previously reimbursed and conveyed to the District but the agreement did not specifically convey the wastewater plant. After discussion, President Nathan Neese entertained a motion for approval. Motion was made by Bubba Sykes and seconded by Tom Rogers to approve the Utility Conveyance Agreement between the District and Taylor Morrison of Texas, Inc. as presented. The motion carried unanimously.

20. ADJOURN

President Nathan Neese adjourned the meeting.


Nathan Neese, President
Reunion Ranch WCID

ATTEST:


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

[SEAL]