

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 19, 2017 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  
Tom Rogers - Secretary  
George “Bubba” Sykes – Assistant Secretary  
Dan Pawlik – 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 and Jason Tyler with ST, Michael Slack with Taylor Morrison, Garry Kimball with Specialized Public Finance Inc. and Clayton Chandler with McCall Parkhurst.

3. CITIZEN COMMENTS

No citizens were present.

4. MINUTES OF PRIOR MEETINGS

Jeniffer Concienne stated that the Minutes were included in the agenda package for consideration. Motion was made by Vince Terracina and seconded by Tom Rogers to approve the August 15, 2017 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. Seeing no citizens present, President Neese closed the public hearing.

6. ORDER APPROVING THE DISTRICT'S APPRAISAL ROLL AND SETTING THE DISTRICT'S TAX RATE FOR 2017

Attorney Bill Flickinger reported that the Notice of Public Hearing on Tax Rate was published in the San Marcos Daily Record. The proposed rates are as follows: O&M at \$0.3250, debt service at \$0.5500 with an overall rate of \$0.8750. After discussion, President Nathan Neese entertained a motion for approval. Motion was made by Bubba Sykes and seconded by Dan Pawlik to adopt the Order Approving the District's Appraisal Roll and Setting the District's Tax Rate for 2017. 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 that 245 homes have been sold to date. The average appraised value within the District is \$504,847. The breakdown of sales are as follows: 52 60' lots, 104 70' lots, 38 80' lots and 51 90' lots.

Mr. Slack stated that he is still waiting on final approval of Phase 2, Section 5 from Hays County. Phase 3, Section 1 is all done. Paperwork is the only thing remaining. Retainage on that project will be considered at the next meeting.

Mr. Slack reported that the bids on the next three sections were postponed for a week. The TCEQ submitted comments regarding the location of wastewater and water lines on the same lot line. The water line will be moved to the dry utility side.

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. Mr. Lozano advised there are minor punch list items remaining on Phases 2-5 and 3-1. The review of the plans for Phases 2-4 and 3-2 are ongoing.

Mr. Lozano reported on the bond issue schedule and the fact that the TCEQ Executive Director signed the final Order and it will be mailed out by the Chief Clerk's office. Garry Kimball will discuss this in more detail under the specific agenda item.

The wastewater flow projections are tracking in a steady upward trend. As indicated before, the need for the wastewater treatment plant expansion will be in 2022.

9. RESOLUTION APPROVING PRELIMINARY OFFICIAL STATEMENT; AUTHORIZING DISTRIBUTION OF PRELIMINARY OFFICIAL STATEMENT AND PUBLICATION OF A NOTICE OF SALE OF BONDS; AND APPROVING OTHER RELATED MATTERS
10. AUTHORIZING PAYMENT OF THE ATTORNEY GENERAL BOND REVIEW FEE
11. DESIGNATION OF PAYING AGENT/REGISTRAR FOR THE BONDS
12. ANY ACTIONS AND DOCUMENTS NECESSARY OR CONVENIENT, OR BOTH, FOR THE DISTRICT'S 3<sup>RD</sup> BOND ISSUE

Items 9-12 will be heard together.

Financial Advisor Garry Kimball discussed the Preliminary Official Statement. This will be the District's first rated bond issue. Mr. Kimball discussed the timetable for issuance of the bonds. The District will take bids at its October 17<sup>th</sup> board meeting. The Board will need a special meeting to stay on track with the schedule. The regular November meeting is scheduled for the week of Thanksgiving, therefore November 14<sup>th</sup> has been chosen to consider the bond reimbursement audit. The Board agreed with that date. The bond closing will occur on November 16, 2017.

Bond Attorney Clayton Chandler discussed the Order as included in the agenda package.

Attorney Bill Flickinger discussed a representation letter received by Maxwell Locke & Ritter for the bond reimbursement audit. As it stands, the letter implies that the Board is responsible for all the mechanics of the bond reimbursement. In fact, the Board relies on its consultants for such information. Mr. Flickinger advised that he will not ask the Board to sign such a letter as it is an undue burden on them. Mr. Flickinger asked that the District's consultants review the letter and provide him with their comments, after which he will respond to Jimmy Romell with Maxwell Locke & Ritter.

After discussion, motion was made by President Nathan Neese and seconded by Tom Rogers to adopt the Resolution Approving Preliminary Official statement; Authorizing Distribution of Preliminary Official Statement and Publication of a Notice of Sale of Bonds; and Approving Other Related Matters. The motion carried unanimously.

### 13. OPERATIONS AND MAINTENANCE REPORT

- A. Administrative
- B. Wastewater Treatment Plant
- C. Wastewater Grinder Stations
- D. Effluent Irrigation System & Fields
- E. Distribution and Collection System
- F. Billing Adjustments
- G. Delinquencies
- H. Customer Meter Issues
- I. Customer Complaints

Manager Kristi Hester discussed the manger's report with the Board. Mrs. Hester has added a new variance column to the billing summary information. There were 243 accounts billed in August. That is 61 more connections than last year. The monthly average for residential water consumption is 23,624 gallons. Once again, the collections report showed that three delinquent letters were sent regarding past due water bills. However, all accounts were paid and there were no disconnects in August for non-payment.

The water quality monitoring is tracking well. The District has a 3% water loss. During Hurricane Harvey, the District received 7-8" of rainfall. Mrs. Hester reported that stormwater entered the system. If it continues, ST will need to perform smoke testing. Mrs. Hester also reported that there are no compliance issues at the plant.

In regard to maintenance items, a fire hydrant was hit by a car and is being repaired. There was discussion of whether or not insurance covers the repair/replacement of fire hydrants. Developer Michael Slack also discussed if some of the hydrants can be relocated or removed. Engineer Dennis Lozano will look into that matter. There have been several hydrants hit in the District and its worth checking into. A bleach pump went out at the plant and was replaced for \$1,000.

The misting system is online. Mrs. Hester reported that Steve with the HOA reported that he has not heard any comments about the misting system from the residents. There was discussion of shutting down the system during the winter. During this time, the pool at the amenity center is shut down too. The Board agreed that the correspondence to the residents on the misting system is no longer needed.

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

Bookkeeper Allen Douthitt presented and discussed the financials with the Board, including an updated Cash Activity Report. An invoice from the TCEQ was mailed to Willatt & Flickinger's old address and was not forwarded to the new location, which in turn held up the TCEQ approval of the bonds. Mr. Douthitt's office contacted the TCEQ immediately and paid it the same day. The TCEQ then released its approval. The District is ahead of budget for the month. Mr. Douthitt also discussed the Power of Attorney with the IRS, which must be executed by the Board. This allows his office to communicate directly with the IRS on taxing issues. After

discussion, President Nathan Neese entertained a motion for approval. Motion was made by Tom Rogers and seconded by Bubba Sykes to approve the payment of the invoices, per diems and fund transfer for tax collections as presented. The motion carried unanimously.

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

Engineer Dennis Lozano reported that Taylor Morrison is in need of getting meters installed. ST has advised that the meters will be installed once the projects are accepted. There was discussion of the facilities being completed but all the paperwork is not yet finalized. President Nathan Neese asked if all the paperwork has been received but just not finalized and Mr. Lozano confirmed it had. Mr. Lozano sees no risk in either way the Board wants to handle this.

After discussion, Developer Michael Slack presented and recommended approval of the following pay estimate:

Pay Estimate No. 10 in the amount of \$99,288.00 in connection with Reunion Ranch Phase 3, Section 1 submitted by Joe Bland Construction, LP. The project is 99% done. However, the retainage is still being held.

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

Motion was then made by President Nathan Neese and seconded by Vince Terracina to accept Phase 2, Section 5 and Phase 3, Section 1 for operation and maintenance. The motion carried unanimously.

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

Developer Michael Slack reiterated that the bidding was postponed until September 28<sup>th</sup>. He will bring this back to the October meeting.

17. ADJOURN

President Nathan Neese adjourned the meeting.

  
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Nathan Neese, President  
Reunion Ranch WCID

ATTEST:

  
Thomas J. Rogers, Jr., Secretary

Reunion Ranch WCID

