

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 October 16, 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  
Dennis Daniel – Assistant Secretary

thus, constituting a quorum. Assistant Secretary George “Bubba” Sykes was absent.

Also, present at the meeting were Bill Flickinger, Matt McPhail and Jeniffer Concienne with Willatt & Flickinger, PLLC, Frank Krasovec with Norwood Investments, Dennis Lozano with Murfee Engineering, Allen Douthitt with Bott & Douthitt, Kristi Hester and Jesse Kennis with InfraMark, LLC, Mike Moyer with Taylor Morrison and Garry Kimball with Specialized Public Finance.

3. CITIZEN COMMENTS

There were no citizen comments.

4. MINUTES OF PRIOR MEETINGS

Jeniffer Concienne stated that the Minutes were included in the agenda package for consideration. Motion was made by Dennis Daniel and seconded by President Nathan Neese to approve the September 18, 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. 307 homes have been sold to date. The average appraised value within the District continues to rise at \$509,050.

Mr. Moyer reported that the lift station needs to be energized in Phase 2, Section 4. In Phase 3, Section 3 they are almost done with the permitting process. Mr. Moyer stated that they will start the advertisement process next week for the last section. Construction should commence in December and delivery of the products in mid-2019.

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 estimates:

Pay Estimate No. 9 in the amount of \$14,817.51 in connection with Reunion Ranch Phase 2, Section 4 submitted by Central Road and Utility, Ltd.; and

Pay Estimate No. 9 in the amount of \$14,935.50 in connection with Reunion Ranch Phase 3, Sections 2 and 5 submitted by JKB Construction Company, LLC.

After discussion, motion was made by President Nathan Neese and seconded by Tom Rogers to approve the foregoing pay estimates as presented. The motion carried unanimously.

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

This item was not discussed.

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 engineering report with the Board.

They are working on closing out three sections in the District, being Phases 2-4, 3-2 and 3-5.

In regard to the TLAP Major Amendment, Mr. Lozano expects the draft permit any day and then the process will go to the 2<sup>nd</sup> notice period.

TCEQ final approval on the bonds has not yet been issued, however it is expected any day. The TCEQ failed to meet the expedited review deadline.

Mr. Lozano discussed the misting system at the wastewater plant and that it has been shut down for the winter. He will obtain the actual usage of the misting system and compare it to the flow chart.

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

Items 9 -12 are related.

Attorney Bill Flickinger advised that Bond Attorney Clayton Chandler could not attend the meeting today.

Financial Advisor Garry Kimball discussed the Preliminary Official Statement with the Board. Jeniffer Concienne presented an updated version and will e-mail it out to the Board for further comment. The District has a bond rating of Baa3. After discussion, President Nathan Neese entertained a motion for approval. Motion was made by Tom Rogers and seconded by Dennis Daniel to approve 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 as presented. The motion carried unanimously.

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

Mike Moyer advised that he received a draft map from Carlson, Brigance & Doering that shows the District/HOA property as requested. It was sent back to them for comments and additions. He is hopefully to have it back in a couple of weeks.

14. 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 presented a summary report to the Board. Mrs. Hester discussed the need to install lights at the wastewater plant. After discussion, motion was made by Tom Rogers and seconded by Dennis Daniel to approve installation of the lights at a cost not to exceed \$5,000. The motion carried unanimously. After the recent rainfall, InfraMark discovered an area at the plant site where stormwater was collecting in the check valve. InfraMark will install a berm to divert the water from that site. Mrs. Hester also reported that the annual sludge reports were filed with the TCEQ.

Mrs. Hester discussed maintenance of the drip fields. InfraMark will be seeding the drip fields for the winter season at an estimated cost of \$2,030. Motion was made by Dennis Daniel and seconded by Tom Rogers to approve the cost of seeding the drip fields. The motion carried unanimously.

There was discussion of the needed maintenance at the drainage pond located at Jacksaw. The outfall is not in the intended design and needs to be repaired with a gabion wall and the site regraded. The estimate for this work is \$12,000. Mike Moyer advised that it would be an issue if that area was inspected by the TCEQ. After discussion, motion was made by Vince Terracina and seconded by Tom Rogers to repair the outfall at the drainage pond located at Jacksaw as discussed. The motion carried unanimously.

Mrs. Hester explained the high balance on receivables due to two Taylor Morrison accounts. These accounts were inadvertently set up as construction accounts. Mrs. Hester recommends reclassifying these as tracking meters and removing the balance on these two accounts. Bookkeeper Allen Douthitt stated that he will need some accounting to put in the records. After discussion, motion was made by Vince Terracina and seconded by Tom Rogers to authorize the adjustment and reclassification of the two Taylor Morrison accounts as discussed. The motion carried unanimously.

Mrs. Hester then discussed the manager's report as included in the agenda package. There is a total of 308 connections, 299 of which are residential. The average monthly water consumption for residential use is 17,288 gallons. Total water receivables for the month of September was \$83,489. The delinquencies for September are as follows: nine letters were mailed out, four door tags were hung and there was one disconnect for non-payment. After payment, that account was restored.

As discussed at last month's meeting, Mrs. Hester presented a payment summary report by transaction type. For the period of August, there were 300 electronic payments. The Board would like to explore waiving the fees for the recurring bank payments. Mrs. Hester will provide some additional information to the Board on absorbing those fees.

The water accountability showed 99%.

The wastewater plant is operating at 68% capacity and is in full compliance. As previously discussed, the capacity level is higher than expected due to the misters at the wastewater plant running into the basin.

15. EXPENDITURES, CONTRACTS, REPAIRS, REPLACEMENTS AND MAINTENANCE RELATED TO OPERATIONS AND MAINTENANCE REPORT IN ITEM 14 ABOVE

This item was not discussed.

16. DISTRICT INSURANCE RENEWAL AS SUBMITTED BY AJ GALLAGHER


Jeniffer Concienne reported that the insurance renewal documents were sent to Bubba Sykes and Dennis Daniel for review. Mr. Sykes was ok with the proposed coverage. There was discussion of InfraMark carrying cyber liability coverage, which Manager Kristi Hester advised that they carry a \$1,000,000 policy. After discussion, motion was made by Dennis Daniel and seconded by President Nathan Neese to approve the insurance renewal documentation as presented. The motion carried unanimously.

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

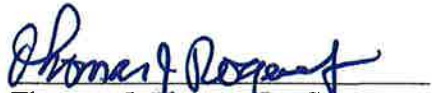
Bookkeeper Allen Douthitt presented and discussed the updated cash activity report with the Board. Due to Bubba Sykes being absent, his per diem will be voided. Mr. Douthitt stated that the District is currently ahead of plan due to the water sales. Today's consideration will include payment of vendor invoices, per diems and the Attorney General's fee for the bonds. 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, per diems and Attorney General's fee as presented. The motion carried unanimously.

18. 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

[SEAL]

