

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 17, 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 with ST, Michael Slack with Taylor Morrison, Garry Kimball with Specialized Public Finance Inc. and Hasan Mack 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 September 19, 2017 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

Developer Michael Slack reported that 247 homes have been sold to date. The average appraised value within the District is \$504,784. The breakdown of sales are as follows: 53 60' lots, 105 70' lots, 38 80' lots and 51 90' lots.

Mr. Slack stated that there is no active development in the District at this time.

6. 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 Phases 2-5 and 3-1 are complete. The plans for Phases 2-4, 3-2 and 3-5 have been approved.

In regard to the bond issue, the pre-purchase inspection was conducted on October 11th. A minor adjustment to the eligible facilities will be made for one flow spreader that was not able to be located. Otherwise, the inspection went well.

The final TLAP major amendment application is ready for filing with the TCEQ.

The wastewater flow projections are staying static for the wastewater treatment plant expansion in 2022.

7. CONSIDERATION AND ACTION WITH RESPECT TO RECEIVING BIDS AND AWARDED SALE OF THE \$5,750,000 REUNION RANCH WATER CONTROL AND IMPROVEMENT DISTRICT UNLIMITED TAX BONDS, SERIES 2017

8. CONSIDERATION AND ACTION WITH RESPECT TO "ORDER AUTHORIZING THE ISSUANCE OF \$5,750,000 REUNION RANCH WATER CONTROL AND IMPROVEMENT DISTRICT UNLIMITED TAX BONDS, SERIES 2017; LEVYING AN AD VALOREM TAX IN SUPPORT OF THE BONDS; APPROVING AN OFFICIAL STATEMENT; AUTHORIZING THE EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT; AWARDED THE SALE OF THE BONDS; AND AUTHORIZING OTHER MATTERS RELATED TO THE ISSUANCE OF THE BONDS

9. CLOSING PROCEDURES FOR THE \$5,750,000 REUNION RANCH WATER CONTROL AND IMPROVEMENT DISTRICT UNLIMITED TAX BONDS, SERIES 2017 AND ANY OTHER MATTERS RELATED TO THE BONDS
10. ANY ACTIONS AND DOCUMENTS NECESSARY OR CONVENIENT, OR BOTH, FOR THE DISTRICT'S 3RD BOND ISSUE

Financial Advisor Garry Kimball reported that five bids were received. The lower bidder was Hilltop Securities at 3.488545%. The bond issue will be investment grade and all issues going forward will be rated.

Bond Attorney Hasan Mack discussed the updated Order that incorporates all the information from Hilltop Securities. Once all the documentation has been approved and executed, a transcript will be prepared and sent to the Attorney General. Mr. Mack reported that at the District's next meeting on November 14th, the bond reimbursement audit will be considered and closing is scheduled for November 16th. After discussion, motion was made by Bubba Sykes and seconded by Tom Rogers to award the bid to Hilltop Securities and approve the Order Authorizing the Issuance of \$5,750,000 Reunion Ranch Water Control and Improvement District Unlimited Tax Bonds, Series 2017; Levying an Ad Valorem Tax in Support of the Bonds; Approving an Official; Authorizing the Execution of a Paying Agent/Registrar Agreement; Awarding the Sale of the Bonds; and Authorizing Other Matters Related to the Issuance of the Bonds as presented. The motion carried unanimously.

11. 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 manager's report with the Board. A total of 246 accounts were billed in September. The monthly average for residential water consumption in September was 18,468 gallons. Water usage will begin to decline for the rest of the year. For several months now, there have been no disconnects for non-payment. At the next meeting, Mrs. Hester will request a write-off in the amount of \$12.68 as shown on the delinquent report.

The water quality monitoring looks good. There appears to be a timing issue on meter reading, as the water accountability was 104%. The annual average is 95%.

The wastewater plant is operating at 46% capacity and is in full compliance.

In regard to maintenance items, Mrs. Hester reported that a 2" PRV failed and had to be replaced. The cost was \$2,500 including labor. A grinder pump went out on Dennis Cove and was replaced. The faulty pump was repaired so now the District has a spare. ST also had to do repairs on the chlorine/bleaching system.

Engineer Dennis Lozano reported that it appears that an 18-wheeler is what took out the fire hydrant that was discussed at last month's meeting.

12. DISTRICT INSURANCE RENEWAL SUBMITTED BY AQUASURANCE

Jeniffer Concienne discussed the insurance proposals as included in the agenda package. Bubba Sykes reviewed them and looks fine to him. The premium has increased due to the new D&O coverage and updated values. There was discussion of coverage on the fire hydrants within the District. That option does not appear to be cost effective. After discussion, President Nathan Neese entertained a motion for approval. Motion was made by Vince Terracina and seconded by Dan Pawlik to approve the insurance proposals, including the premium as presented. The motion carried unanimously.

13. 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. The District is well ahead of plan in regard to its budget. Today's consideration will include vendor payments, per diems and a fund transfer. After discussion motion was made by President Nathan Neese and seconded by Vince Terracina to approve the payment of the invoices, per diems and the fund transfer from the TexPool operating account to the First Citizens operating account 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

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

Pay Estimate No. 11 in the amount of \$17,370.00 in connection with Reunion Ranch Phase 3, Section 1 submitted by Joe Bland Construction, LP.

After discussion, President Nathan Neese entertained a motion for approval. Motion was made by Bubba Sykes and seconded by Tom Rogers to approve payment of the foregoing pay estimate as presented. The motion carried unanimously.

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

Developer Michael Slack reported that bids were opened on September 28, 2017 for Phase 2, Section 4 and Phases 3-2 and 3-5.


The low bidder for 2-4 was Central Road & Utility. That project will consist of the 80' lots. The low bidder for 3-2 & 3-5 was JKB Construction. Those projects will consist of the 60' & 70' lots. This is the first time that JKB Construction will be in the District. However, Taylor Morrison has worked with them on other projects.

After discussion, President Nathan Neese entertained a motion for approval. Motion was made by Bubba Sykes and seconded by Tom Rogers to approve the award of contract to Central Road & Utility for Reunion Ranch Phase 2, Section 4. The motion carried unanimously.

Motion was then made by Bubba Sykes and seconded n Vince Terracina to approve the award of contract to JKB Construction for Reunion Ranch Phase 3, Section 2 and Phase 3, Section 5. The motion carried unanimously.


16. ADJOURN

President Nathan Neese adjourned the meeting.

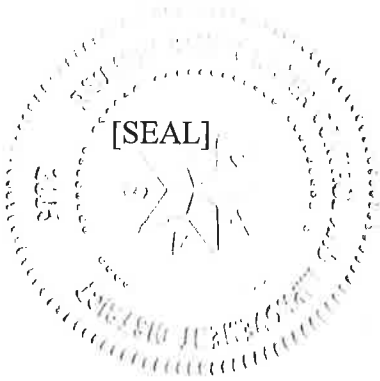


Nathan Neese, President
Reunion Ranch WCID

ATTEST:



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



I:\ReunionRanch\minutes\10-17-17
11/7/17