

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 on October 18, 2016 at 2001 North Lamar, Austin, Texas 78705, 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
David Bosco, Jr. - Secretary
George “Bubba” Sykes – Assistant Secretary

thus constituting a quorum. Assistant Secretary Mike Ehrhardt was absent.

Also present at the meeting were Bill Flickinger with Willatt & Flickinger, PLLC, Michael Slack with Taylor Morrison, Dennis Lozano with Murfee Engineering, Allen Douthitt with Bott & Douthitt, Kristi Hester with Severn Trent, Garry Kimball with Specialized Public Finance, Clayton Chandler with McCall Parkhurst and Jeniffer Concienne with Willatt & Flickinger, PLLC.

3. CITIZEN COMMENTS

There were no citizen comments made at the meeting.

4. MINUTES OF PRIOR MEETINGS

Jeniffer Concienne advised that the Minutes were included in the agenda package for consideration. Motion was made by David Bosco and seconded by Vince Terracina to approve the September 7, 2016 special 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 discussed sales within the District. There have been 182 lots sold to date. The average sales price in the District is \$498,986. There have been 29 60' lots sold, 85 70' lots, 18 80' lots and 50 90' lots sold.

6. DISTRICT'S RATE ORDER

Bookkeeper Allen Douthitt presented a water rate analysis for discussion. The PUA increased the District's wholesale base rate and lowered the volumetric rate. The overall increase to the District will be approximately \$17,000. Engineer Dennis Lozano discussed his analysis. Bubba Sykes inquired about the average house usage. Manager Kristi Hester presented a draft letter to the residents with an explanation of the increased rate. Mrs. Hester also presented a handout on rates and comparisons to other Districts. There was also a discussion of a surcharge instead of increasing the rates. President Nathan Neese entertained a motion for approval. After discussion, motion was made by Vince Terracina and seconded by Bubba Sykes to approve an increase to the base fee of \$5.00 and leave the volumetric rate the same. The motion carried unanimously. Mrs. Hester noted that the change will be effective in December.

7. 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 he has pulled the plug to let the wastewater permit major amendment go to the TCEQ by the end of the year. They have been determining the best use of data to support it and are now ready to submit it.

In connection with the District's 2nd bond issue, the pre-purchase inspection was conducted with a Region 11 inspector and no major issues were identified. The TCEQ's technical memorandum was received as well. Financial Advisor Garry Kimball stated that the bids will be received at the next meeting on November 15th. The bond reimbursement audit will be completed at the December 20th meeting and will then be able to fund.

Mr. Lozano discussed the wastewater flows and projections and reported that the District is in good shape.

8. RULEMAKING PROCEEDING AT TCEQ REQUESTED BY CITY OF AUSTIN TO AMEND TCEQ RULES IN 30 TAC CHAPTERS 222 AND 309- REUSE OF TREATED WATER

Engineer Dennis Lozano indicated that a meeting is being held today at the TCEQ on this matter, but there has not been much movement on this topic.

9. ENGAGEMENT LETTER FROM MAXWELL LOCKE & RITTER FOR BOND REIMBURSEMENT AUDIT

Jeniffer Concienne reported that Maxwell Locke & Ritter submitted their engagement letter for the bond reimbursement audit in connection with the District's 2nd bond issue. President Nathan Neese entertained a motion for approval. Motion was made by Bubba Sykes and seconded by Vince Terracina to approve the engagement letter as presented. The motion carried unanimously.

10. CONSIDERATION AND ACTION WITH RESPECT TO "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"

11. AUTHORIZING PAYMENT OF THE ATTORNEY GENERAL BOND REVIEW FEE

12. DESIGNATION OF PAYING AGENT/REGISTRAR FOR THE BONDS

13. ANY OTHER ACTIONS AND DOCUMENTS NECESSARY OR CONVENIENT, OR BOTH, FOR THE DISTRICT'S 2ND BOND ISSUE

Items 10 through 13 are related. Financial Advisor Garry Kimball discussed the Preliminary Official Statement. The TCEQ approved the issue with a \$72 million tax base. All clear to move forward with the bond issue. The District actually has a \$76 million tax base. Mr. Kimball will need to get the revised rate order to update the water rates that were just approved. Comments on the Preliminary Official Statement are due by November 1st. The bid award will take place at the next meeting, which is November 15th. All is on track to fund before end of year. Bond attorney Clayton Chandler discussed the action matters in connection with the bond issue. President Nathan Neese entertained a motion for approval. After discussion, motion was made by Bubba Sykes and seconded by David Bosco 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, including the Attorney General filing fee as presented. The motion carried unanimously. Motion was then made by Bubba Sykes and seconded by President Neese to approve the designation of BOKF as the Paying Agent/ Registrar for the bonds. The motion carried unanimously.

14. 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

Manager Kristi Hester discussed her report as included in the agenda package. There are 50 more connections than last year, however the consumption is close to the same. Mrs. Hester stated that 4 delinquent letters were sent out and 1 door tag was hung, but no disconnects were made. The water quality monitoring is ok but Mrs. Hester wishes it was a bit higher. The District encountered over 100% water accountability. The wastewater plant is running at 32% capacity.

There was discussion about an adjustment to a water bill being requested from an owner whose lawn was sodded and watered prior to them moving in. It was determined that after closing, the owners did not move in for three weeks. The water bill in question is approximately \$1,400. It was reported that the builder went over all details of closing with the owners. Mrs. Hester indicated that she can offer the owners a payment plan for the water bill. They Board agreed with Mrs. Hester.

There was discussion of allowing ST to make adjustments under \$500 without board approval. In most cases, if the owner submits proof that a repair has been made, they can make an adjustment to the first tier of rates. After discussion, motion was made by David Bosco and seconded by President Nathan Neese to allow ST to make adjustments under \$500 with proof of repair to the first tier water rates without board approval. The motion carried unanimously.

15. INSURANCE RENEWAL DOCUMENTS SUBMITTED BY AQUASURANCE

Jeniffer Concienne discussed the insurance renewal documents as submitted by AquaSurance. Bubba Sykes followed up with providing additional information. There was discussion of mechanical breakdowns and if those should be covered under the boiler policy. After discussion motion was made by Vince Terracina and seconded by President Nathan Neese to approve the insurance policies as presented. The motion carried unanimously.

16. 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. Mike Ehrhardt's per diem will be voided due to his absence. Mr. Douthitt will include the insurance premium and AG fee for consideration. The District is running on a positive variance in connection with its budget. After discussion, motion was made by Vince Terracina and seconded by President Nathan Neese to approve payment of the invoices, per diems and fund transfer as presented. The motion carried unanimously.

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

This item is a standing item and was not discussed.


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

Developer Michael Slack discussed the bids received for Reunion Ranch Phase 3, Section 1. This section will include the 60' lots. There were seven bids received for this project and Joe Bland was the low bidder. After discussion, motion was made by Vince Terracina and seconded by President Nathan Neese to approve the award of bid to Joe Bland as presented. Bubba Sykes abstained from the vote. The motion carried.

Mr. Slack also reported that they are advertising for bids on Phase 2, Section 5. This section will include the 80' lots. Bids will be opened on November 8th and the award will take place on November 15th.


19. ADJOURN

President Nathan Neese adjourned the meeting.



Nathan Neese, President
Reunion Ranch WCID

ATTEST:



David Bosco, Jr., Secretary
Reunion Ranch WCID

