

MINUTES OF REGULAR MEETING  
OF  
REUNION RANCH WATER CONTROL AND IMPROVEMENT DISTRICT

STATE OF TEXAS           §  
  §  
COUNTY OF HAYS       §

The regular meeting of the Board of Directors of Reunion Ranch Water Control and Improvement District, open to the public, was held on October 20, 2015, 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, Vince Terracina, David Bosco, Bubba Sykes and Joel DeSpain, thus constituting a quorum. All Directors were present.

Also present at the meeting were Michael Slack, Dennis Lozano, Bill Flickinger, Mary Bott, Kristi Hester, Garry Kimball, Frank Krasovec, Jana Edwards, Mike Willatt and Jeniffer Concienne.

3.     CITIZEN COMMENTS

No citizens were present.

4.     MINUTES OF PRIOR MEETING

The minutes of the prior meeting 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 Joel DeSpain to approve the minutes of the August 18, 2015 meeting 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 SERVICES 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

Michael Slack reported on the sales within the District. There have been 128 homes sold to date and the average sales price of homes within the District is \$493,451.

Phase 2, Section 2 will consist of 140 lots. Those are essentially finished on the southside. New model homes are coming in and should be completed in November. Phase 2, Section 3, the custom lot section should be paved by the end of the week, but could be delayed due to the rain. Mr. Slack is also working on subsequent phases within the District.

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 reported that he has not heard back from the LCRA on the curtailment plan. Mr. Lozano reiterated that he received comments from the TCEQ on the District's TLAP major amendment and has responded to all comments.

7. CONSIDERATION AND ACTION WITH RESPECT TO RESOLUTION APPROVING PRELIMINARY OFFICIAL STATEMENT, AUTHORIZING DISTRIBUTION OF PRELIMINARY OFFICIAL STATEMENT AND AUTHORIZING PUBLICATION OF A NOTICE OF SALE OF BONDS

Attorney Jana Edwards discussed the Preliminary Official Statement with the Board, as did Financial Advisor Garry Kimball. Edits were received by all involved parties. Mr. Kimball stated that it is a great time to sale bonds. The Preliminary Official Statement should be submitted around November 3<sup>rd</sup> with a sale date of November 17<sup>th</sup>. If the Board has any additional comments to the Preliminary Official Statement please so advise prior to November 3<sup>rd</sup>. Joel DeSpain asked about interest rates. After discussion, President Nathan Neese entertained a motion for approval. Motion was made by David Bosco and seconded by Bubba Sykes 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.

8. AUTHORIZING PAYMENT OF THE ATTORNEY GENERAL BOND REVIEW FEE

Attorney Jana Edwards reported that the Attorney General's fee to review the bond transcript is \$3,500. President Nathan Neese entertained a motion for approval. Motion was made by Joel DeSpain and seconded by Vince Terracina to authorize payment to the Attorney General for its bond review fee in the amount of \$3,500. The motion carried unanimously.

9. DESIGNATION OF PAYING AGENT/REGISTRAR FOR THE BONDS

Attorney Jana Edwards stated that state law requires a paying agent/registrar to make payment in connection with the bond issuance. A paying agent/registrar is required for each issue.

The local branch of Bank of Texas charges a \$400 fee for this service. After discussion, President Nathan Neese entertained a motion for approval. Motion was made by Vince Terracina and seconded by Bubba Sykes to designate Bank of Texas as the paying agent/registrar for the District's first bond issue. The motion carried unanimously.

10. CONSIDERATION AND ACTION WITH RESPECT TO RESOLUTION ADOPTING WRITTEN PROCEDURES FOR POST BOND ISSUANCE FEDERAL TAX COMPLIANCE

Attorney Jana Edwards explained that to preserve the tax exempt status on the bonds and document compliance with other requirements of federal tax law, the District needs to have written procedures in place. Once the procedures are in place, when it is time to fill out the 8038-G form, that box can be checked indicating the District has procedures in place. The bonds can only be used for public purposes and the District needs to be sure not to cause arbitrage. After discussion, President Nathan Neese entertained a motion for approval. Motion was made by Joel DeSpain and seconded by David Bosco to approve the Resolution Adopting Written Procedures for Post Bond Issuance Federal Tax Compliance. The motion carried unanimously.

11. ENGAGEMENT LETTER OF McCALL, PARKHURST & HORTON L.L.P. TO SERVE AS DISCLOSURE COUNSEL FOR THE DISTRICT

Attorney Jana Edwards discussed the engagement letter of her firm to serve as disclosure counsel for the District so that they can perform the due diligence to be sure that there are no mis-statements or material omissions. The fee for this service is \$8,500 and is contingent on the issuance of bonds. Financial Advisor Garry Kimball recommends this as well. After discussion, President Nathan Neese entertained a motion for approval. Motion was made by Joel DeSpain and seconded by Vince Terracina to approve the engagement letter by McCall Parkhurst & Horton to serve as disclosure counsel for the District. The motion carried unanimously.

12. ENGAGEMENT LETTER FROM MAXWELL LOCKE & RITTER FOR REIMBURSEMENT AUDIT

Jeniffer Concienne stated that the TCEQ requires a bond reimbursement audit prior to funds being released to the developer. Financial Advisor Garry Kimball discussed this as well. A bond reimbursement audit will need to be performed for every bond issue and is not a part of the District's annual audit process. President Nathan Neese entertained a motion for approval. Motion was made by Vince Terracina and seconded by Bubba Sykes to approve the engagement letter submitted by Maxwell Locke & Ritter for preparation of the bond reimbursement audit as required by the TCEQ. The motion carried unanimously.

13. CONSIDERATION AND ACTION WITH RESPECT TO “RESOLUTION AUTHORIZING PUBLICATION OF A NOTICE OF PUBLIC HEARING TO DETERMINE PLAN OF TAXATION”

Attorney Jana Edwards discussed the need to adopt a plan of taxation, which is required by law. The District previously adopted a plan of taxation but then authorized more bonds in 2012 at its bond election, so it is best to adopt another plan of taxation. Notice of the Hearing on Proposed Plan of Taxation will be published in the newspaper and then at the District’s next board meeting, a public hearing can be held to receive comments and then can consider the plan. After discussion, President Nathan Neese entertained a motion for approval. Motion was made by Joel DeSpain and seconded by Vince Terracina to adopt the Resolution Authorizing Publication of a Notice of Public Hearing to Determine Plan of Taxation as presented. 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

Manager Kristi Hester reported on the operations and maintenance of the District. Mrs. Hester discussed the proposed from Wastewater Solutions to repair the damages to the drip fields. The proposal came in at a little over \$29,000 for all the repairs. Michael Slack indicated that they are still withhold the retainage on this project. This cost will be ran through Taylor Morrison. There was discussion as to how the damage occurred. It appears that the contractors were parking and using the drip field area as a loading area when the bridge was being constructed. Mr. Slack said that most of the costs should be recouped. A border of some type needs to be installed around that area so that no one can drive over the fields.

Mrs. Hester then discussed the fact that the District was under Stage 4 emergency water curtailment due to a West Travis County PUA raw water line repair. ST had to get word out to the residents and they really did a great job in dropping the usage. There were no reported issues.

On the next cycle of water bills, there will be information on wintering averaging. The District incurred a 1% water loss.

15. BOOKKEEPER’S REPORT ON THE FINANCIAL AFFAIRS OF THE DISTRICT, INCLUDING AUTHORIZATION OF PAYMENTS OF BILLS

Mary Bott discussed the financials with the Board and presented an updated cash activity report. There is a large positive variance in the District’s budget, which was due to prior developer funding. September 30<sup>th</sup> closed out the District’s fiscal year and now the books will be offered to

the auditor for preparation of the District's annual audit. After discussion, motion was made by President Nathan Neese and seconded by Vince Terracina to approve payment of the per diems, invoices and fund transfer to the bookkeeper's account as presented. The motion carried unanimously.

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

Michael Slack discussed and recommended approval of the following pay estimates and change orders:

Pay Estimate No. 5 in the amount of \$148,706.10 in connection with Reunion Ranch Phase 2, Section 3 Utilities submitted by Austin Engineering Co., Inc.; and

Pay Estimate No. 6 in the amount of \$165,175.20 in connection with Reunion Ranch Phase 2, Section 3 Utilities submitted by Austin Engineering Co., Inc.; and

Change Order No. 2 in the amount of \$57,878.00 in connection with Reunion Ranch Phase 2, Section 3 Water, Wastewater, Drainage and Erosion Controls submitted by Taylor Morrison; and

Pay Estimate No. 10 in the amount of \$81,720.00 in connection with Reunion Ranch Phase 2, Section 2A Utilities submitted by DeNucci Constructors, LLC; and

Pay Estimate No. 11/Retainage in the amount of \$345,558.68 in connection with Reunion Ranch Phase 2, Section 2A Utilities submitted by DeNucci Constructors, LLC; and

Change Order No. 3 in the amount of \$46,075.00 in connection with Reunion Ranch Phase 2, Section 2A Utilities submitted by Taylor Morrison; and

Change Order No. 4 in the amount of \$90,800.00 in connection with Reunion Ranch Phase 2, Section 2A Utilities submitted by Taylor Morrison.


Joel DeSpain asked about the need for the change orders and Mr. Slack responded that they are due to plan changes. After discussion, motion was made by Vince Terracina and seconded by Vince Terracina to approve payment of the foregoing pay estimates and change orders as presented. The motion carried unanimously.

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

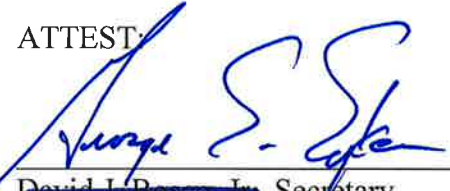
This is a standing item and there was no discussion.

18. ADJOURN

President Nathan Neese adjourned the meeting.

  
\_\_\_\_\_  
Nathan Neese, President  
Reunion Ranch WCID

ATTEST

*Asst.*   
\_\_\_\_\_  
David J. Bosco, Jr., Secretary  
Reunion Ranch WCID

*George S. Sykes*  
[SEAL]

