

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 23, 2013, 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 Vince Terracina, David Bosco, Bubba Sykes and Nathan Neese, thus constituting a quorum. President Todd Janssen was absent.

Also present at the meeting were Michael Slack, Dennis Lozano, Mike Willatt, Jeniffer Concienne, Mary Bott, Scott Manuel and Joel DeSpain.

Jeniffer Concienne conducted the meeting.

3. CITIZEN COMMENTS

There were no citizen comments.

4. MINUTES OF PRIOR MEETING

The minutes of the prior meeting were included in the agenda package for consideration. Motion was made by David Bosco and seconded by Vice President Vince Terracina to approve the minutes of the September 17, 2013 meeting as presented. The motion carried unanimously.

5. ACCEPT RESIGNATION OF TODD JANSSEN AND APPOINT REPLACEMENT TO FILL THE UNEXPIRED TERM OF OFFICE

Jeniffer Concienne reported that she had received Todd Janssen's resignation. Motion was made by Vince Terracina and seconded by Nathan Neese to accept Todd Janssen's resignation.

Mrs. Concienne announced that she had received Joel DeSpain's Application for Appointment to the Board and Mr. DeSpain had received an interest in the director's lot. Motion

was made by David Bosco and seconded by Nathan Neese to appoint Joe DeSpain to the Board and fill the unexpired term of office for Todd Janssen. The motion carried unanimously. Mrs. Concienne had Mr. DeSpain swear to his Statement of Appointed Officer and his Oath of Office in duplicate. An Oath of Office will be filed with the Secretary of State.

6. ELECTION OF OFFICERS

Jeniffer Concienne informed the Directors that when there is a change on the board, an election of directors has to be performed. Todd Janssen served as President prior to his resignation. David Bosco nominated Nathan Neese to serve as President. Motion was made by David Bosco and seconded by Vince Terracina to appoint Nathan Neese to serve as President. The motion carried unanimously. There was discussion of the need to appoint Joel DeSpain as Assistant Secretary. The roll of Assistant Secretary is used when the Secretary is unavailable to sign documents. After discussion, motion was made by President Nathan Neese and seconded by Davis Bosco to appoint Joel DeSpain as Assistant Secretary. The motion carried unanimously.

7. AUDIT ENGAGEMENT LETTER SUBMITTED BY MAXWELL LOCKE & RITTER

Jeniffer Concienne reported that at the last meeting, Maxwell Locke & Ritter had submitted a proposal for audit services. Although the Board approved the proposal as submitted, Maxwell Locke & Ritter has now submitted a formal engagement letter. Motion was made by Vince Terracina and seconded by President Nathan Neese to approve the audit engagement letter as submitted. The motion carried unanimously.

8. 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 second phase, which is Section 1B. The paving was completed last month. The utilities are 100% complete. There was discussion of the heavy rains recently and if it caused any flooding throughout the subdivision. Mr. Slack said that flooding was not an issue. Sales within the subdivision are picking up again. There were 32 sales to date. Home prices on the 70' lots average \$451,000 and 19 homes have been sold. Home prices on the 90' lots average \$514,000 and 13 homes have been sold. It is estimated that there are about 15 residents within the subdivision. Joel DeSpain inquired about the projection for next year. Mr. Slack reported that they are projecting 46 to 48 sales per year. Mr. Slack then discussed the amenity center. The architect is designing the plans now. It is hoped that construction will begin in January and the amenity center can then be opened in May or June 2014.

9. 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 chlorination at the wastewater treatment plant needs to be addressed. There were no facilities constructed for the disinfection although it was required in the permit. Michael Slack said that he has spoken with John Noel, the engineer who prepared the permit and John Noel said that the disinfection was included in the specs but was not in the plans. Mr. Slack also spoke with Wastewater Solutions about this matter. Mr. Slack said that before any money is spent on installing a tank for the disinfection, he will look at the permit, plans and specs in detail. Scott Manuel, Dennis Lozano and Michael Slack discussed what type of tank would be needed for the chlorination system. The rough cost is around \$10,000. Scott Manuel said that a temporary system can be done quickly. Mr. Slack said that the costs in connection with this matter needs to be tracked closely in case those charges needed to be back charged to the responsible party. Mr. Slack then asked if any soil sampling has been done yet. Mr. Manuel said not yet, but he will be doing it soon. Mr. Manuel advised that a neighbor of the subdivision has complained about the smell of the wastewater treatment plant.

10. ALL MATTERS CONCERNING THE DROUGHT CONTINGENCY PLAN AND WATER CONSERVATION PLAN, INCLUDING PUBLIC HEARING

Engineer Dennis Lozano discussed the LCRA contract and the District's Drought Contingency Plan and Water Conservation Plan. He also discussed the curtailment plan that was done in 2011 and the updated version that was done recently. Mr. Lozano met with the LCRA on this matter. As reported at the last board meeting, the LCRA made a site visit to the District and noted lush lawns, etc. The District does not have any historical data on water usage and the LCRA said that the District is not abiding by its Drought Contingency Plan. Nora with the LCRA reported to Dennis Lozano that the LCRA could assess fines to the District. Mr. Lozano indicated that he needed to prepare a response to the LCRA soon, but no action is needed today. ST will be preparing a letter to the residents within the District on Stage 2 drought conditions. Mr. Lozano will bring a recommendation of changes to the Drought Contingency Plan and Water Conservation Plan to the next board meeting. There was discussion on a tracking mechanism on water enforcement. This is a very important topic and needs to be addressed. If the LCRA finds that its wholesale customers are violating the drought contingency measures, they can assess fines up to \$1,000 per violation. Scott Manuel advised that the operators will do drive bys and will report and issue notices of water violations. Michael Slack indicated his frustration will all of this due to paying for water reservation that is not even used.

11. OPERATIONS AND MAINTENANCE REPORT

Scott Manuel discussed his report and included in the agenda package. There was a 13% water loss. It was discovered that the master meter had quit registering. The meter will be fixed this

week. Bubba Sykes asked if the Board should be concerned about the 13% water loss. Mr. Manuel advised that construction within the District causes a lot of the water loss, due to the contractors not using their metered outlets. Also, leaks are a part of the loss as well. Some Districts even bill the contractors for water loss. Michael Slack advised that most of the construction is complete so the next billing should be better. If not, probably we will have a major problem/leak.

Nathan Neese left the meeting at this time.

12. DISTRICT'S INSURANCE RENEWAL SUBMITTED BY AQUASURANCE

Jeniffer Concienne discussed the insurance renewal documents as included in the agenda package. Bubba Sykes went into further detail on the new coverages as included in the proposal. Mr. Sykes worked directly with Julie Collette at AquaSurance on the additional coverages and reminded the Board that back in May, property coverage was included to the policy. He also noted that the D&O coverage was increased to \$2 million per occurrence last year and we need to be sure that is still in effect. After discussion, motion was made by Vince Terracina and seconded by David Bosco to approve the coverage as presented and include boiler & machinery and pollution liability as offered. The motion carried unanimously. Mary Bott adjusted the insurance premium due to the additional coverage and issued a check for the premium. Michael Slack discussed the need to convey the facilities from the developer to the District. Attorney Mike Willatt indicated that he would start working on this.

13. BOOKKEEPER'S REPORT ON THE FINANCIAL AFFAIRS OF THE DISTRICT, INCLUDING AUTHORIZATION OF PAYMENTS OF BILLS

Mary Bott discussed the bookkeeper's report and presented an updated cash activity report. Ms. Bott discussed the bill issue with the PUA as reported at last month's meeting. She still believes that a formula error has occurred and the District is being under billed. September 30th was the District end of year. The District came in under budget, which was due to the bond report not being budgeted for. Michael Slack discussed the PUA monthly charge and this charge should not be itemized as a reservation fee. After discussion, motion was made by Vince Terracina and seconded by Joel DeSpain to approve payment of the per diems, invoice and Check No. 10233 in the amount of \$9,100 for the insurance premium. The motion carried unanimously.

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

Michael Slack discussed the two pay estimates as included in the agenda package. After discussion, motion was made by Bubba Sykes and seconded by Vince Terracina to approve the following and authorize Vice President Vince Terracina to execute same:

- Pay Estimate No. 5W in the amount of \$31,869.0 in connection with the Reunion Ranch Phase 1B - Water, Wastewater and Drainage submitted by DNT Construction; and
- Payment No. 12 in the amount of \$180,535.68 in connection with the retainage for FM 1826 Water Line Improvements.

The motion carried unanimously.

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

Michael Slack reported that notice was sent to the newspaper on advertising Phase 1B. The bids will be opened on November 19th and award of the contract will occur on December 17th.

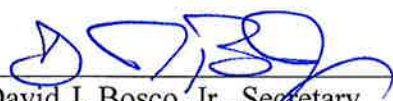
16. ADJOURN

Vice President Vince Terracina adjourned the meeting.



Nathan Neese, President
Reunion Ranch WCID

ATTEST:


David J. Bosco, Jr., Secretary
Reunion Ranch WCID

[SEAL]

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