

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

STATE OF TEXAS           §  
  §  
COUNTY OF HAYS         §

The special meeting of the Board of Directors of Reunion Ranch Water Control and Improvement District, open to the public, was held on November 16, 2006, at the offices of Waterstone Development Company, 4314 West Braker Lane, Suite 250, Austin, Texas 78759, 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 Dick Rathgeber, Vince Terracina and George Sykes. Director Michael Lindley was absent.

Also present at the meeting were Mike Willatt, Jeniffer Concienne, Frank Krasovec, Jeff Garrett, Gary Spoonst, Carl Williams and Theresa Canchola.

3.     CITIZEN COMMENTS

There were no citizen comments.

4.     MINUTES OF NOVEMBER 11, 2005, MARCH 10, 2006 AND AUGUST 28, 2006 MEETINGS

Jeniffer Concienne presented the Minutes to the Board as included in the agenda package. Motion was made by Dick Rathgeber and seconded by George Sykes to approve the Minutes as presented. The motion carried unanimously.

5.     ENGINEER'S REPORT

The engineer was not present.

6. CANVASS RETURNS OF CONFIRMATION ELECTION, DIRECTORS ELECTION, SYSTEM FACILITIES BOND ELECTION, REFUNDING BOND ELECTION, MAINTENANCE TAX ELECTION AND CONTRACT TAX ELECTION FOR REUNION RANCH WATER CONTROL AND IMPROVEMENT DISTRICT

Attorney Mike Willatt discussed the election returns with the Board. The District has one voter living within the District. The voter voted in the early voting period. Mr. Willatt discussed with Frank Krasovec that the voter will need to reexecute his Voter's Affidavit. Mr. Krasovec will handle it and get the affidavit back to Mr. Willatt immediately. On election day, another voter inadvertently voted for the confirmation of the District. Therefore, even though an error occurred, the confirmation of the District was affirmed. The Canvass Order will be filed with the Hays County Clerk along with the TCEQ as required in the Election Code. After discussion, motion was made by George Sykes and seconded by President Vince Terracina to approve the Canvass Order as presented. The motion carried unanimously.

7. CERTIFICATES OF ELECTION, OATHS OF OFFICE AND STATEMENTS OF ELECTED OFFICIALS

Attorney Mike Willatt discussed the need to swear in all of the directors before they can official take office. Jeniffer Concienne asked the Directors present to raise their right hand and had each of them subscribe and swear to the Oaths of Office and Statements of Elected Officer, subscribing the Oaths in duplicate. Mrs. Concienne explained that one original Oath will be filed with the Secretary of State and the other will be filed in the District's records.

8. ELECTION OF OFFICERS

Attorney Mike Willatt explained the need to elect officers. After discussion, motion was made to retain the current positions and elect Carl Williams as Assistant Secretary. The motion carried unanimously. There was also discussion regarding the terms of office. President Vince Terracina and George Sykes' terms will expire in 2010 whereas Carl Williams, Michael Lindley and Dick Rathgeber's terms will expire in 2008.

9. MANAGER'S CONTRACT FOR PROFESSIONAL SERVICES

Gary Spoonst and Jeff Garrett with ECO Resources, Inc. introduced themselves to the Board. Mr. Garrett discussed their qualifications as Manager for the District. ECO Resources, Inc. currently manages 72 MUDs within Texas. Mr. Garrett discussed the fees as included in their Contract for Professional Services that was included with the agenda package. After discussion, motion was made by George Sykes and seconded by President Vince Terracina to approve the Contract for Professional Services between the District and ECO Resources, Inc. as presented. The motion carried unanimously. Mr. Garrett asked the Board which bank they preferred to use for the District's checking account. The Board agreed on using Frost Bank.

10. DROUGHT CONTINGENCY AND WATER CONSERVATION PLAN

Attorney Mike Willatt discussed the need to consider adopting a Drought Contingency and Water Conservation Plan. Mr. Willatt explained that the District is a party to a Water Sale Contract for Municipal Uses by and between the Lower Colorado River Authority and Hays Reunion Ranch, L.P. That contract was assigned from Hays Reunion Ranch, L.P. to the District and therefore requires the District to adopt the Water Conservation Program and Drought Contingency Plan. After discussion, motion was made by George Sykes and seconded by President Vince Terracina to approve the Resolution Adopting Drought Contingency and Water Conservation Plan as presented. The motion carried unanimously.

11. INSURANCE

Attorney Mike Willatt discussed the insurance renewal documents from AquaSurance, L.L.C. with the Board. The District is covered for Hired & Non-Owned Auto Liability, General Liability, Directors and Officers Liability, Directors Bond and Consultants Bond. This year's premium was reduced slightly from last years. Director George Sykes commented on his knowledge in the insurance business and feels that AquaSurance is a good company and offers good benefits to water district. Mr. Sykes also commented on receiving general liability in connection with pollution. After discussion, motion was made by George Sykes and seconded by President Vince Terracina to approve and execute the insurance coverage as presented. The motion carried unanimously.

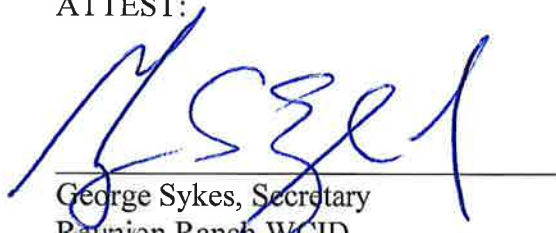
12. ADJOURN

Before the meeting was adjourned, Dick Rathgeber presented his letter of resignation. There being no other business before the Board, the meeting was adjourned.



Vince Terracina, President  
Reunion Ranch WCID

ATTEST:



George Sykes, Secretary  
Reunion Ranch WCID

