

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 November 20, 2018 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  
Thomas J. Rogers, Jr. – Secretary  
George “Bubba” Sykes – Assistant Secretary  
Dennis Daniel – 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, Jesse Kennis with InfraMark, LLC, Mike Moyer with Taylor Morrison, Garry Kimball with Specialized Public Finance and Clayton Chandler with McCall Parkhurst.

3. CITIZEN COMMENTS

There were no citizen comments.

4. MINUTES OF PRIOR MEETINGS

Jeniffer Concienne stated that the Minutes were included in the agenda package for consideration. President Nathan Neese entertained a motion for approval. Motion was made by Bubba Sykes and seconded by Tom Rogers to approve the October 16, 2018 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

Mike Moyer discussed the homebuilding metrics within the District. 314 homes have been sold to date. The average appraised value within the District is \$508,473.

Mr. Moyer reported that they advertised for bids for Phase 3 Section 3. Bids will be opened next week and consideration for award at the December board meeting.

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

Mike Moyer presented and recommended approval of the following pay estimate:

Pay Estimate No. 10 (Final Retainage) in the amount of \$153,488.09 in connection with Reunion Ranch Phase 3, Sections 2 and 5 submitted by JKB Construction Company, LLC.

After discussion, motion was made by Bubba Sykes and seconded by President Nathan Neese to approve the foregoing pay estimate as presented. The motion carried unanimously.

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

Consideration of award of bid will be discussed at the next meeting.

8. 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 engineering report with the Board. The District facilities are nearing completion for several sections. Mr. Lozano discussed the status of the TLAP major amendment. He will get with the TCEQ on the status and he is hopeful that the draft permit should be received soon.

In regard to the pre-purchase inspection for the bonds, it all looked good. There were no deficiencies noted. However, there were a few clean-up items needed. Those items have been completed by Inframark. While inspecting the District, Mr. Lozano reported that Scott Manuel of Inframark noticed that the water quality pond in Phase 2-5 at the end of Katy had significant

erosion and needs grading work. It is very steep in some of those areas, which could be a safety concern. The Board discussed fencing the area and erecting signage. After discussion, the Board directed Inframark to erect signage in that area and get a quote on fencing as discussed.

Mr. Lozano discussed the wastewater flows and the new raw water unit usage analysis report. As discussed previously, the spike in the wastewater flows was due to the misters at the plant. Mr. Lozano stated that he will have a memorandum prepared for the next meeting on 210 conversion.

9. CONSIDERATION AND ACTION WITH RESPECT TO RECEIVING BIDS AND AWARDING SALE OF THE \$5,000,000 REUNION RANCH WATER CONTROL AND IMPROVEMENT DISTRICT UNLIMITED TAX BONDS, SERIES 2018
10. CONSIDERATION AND ACTION WITH RESPECT TO "ORDER AUTHORIZING THE ISSUANCE OF \$5,000,000 REUNION RANCH WATER CONTROL AND IMPROVEMENT DISTRICT UNLIMITED TAX BONDS, SERIES 2018; LEVYING AN AD VALOREM TAX IN SUPPORT OF THE BONDS; APPROVING AN OFFICIAL STATEMENT; 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
11. CLOSING PROCEDURES FOR THE \$5,000,000 REUNION RANCH WATER CONTROL AND IMPROVEMENT DISTRICT UNLIMITED TAX BONDS, SERIES 2018 AND ANY OTHER MATTERS RELATED TO THE BONDS
12. ALL ACTIONS AND DOCUMENTS NECESSARY OR CONVENIENT, OR BOTH, FOR THE DISTRICT'S 4<sup>TH</sup> BOND ISSUE

Items 9 -12 are related.

Financial Advisor Garry Kimball reported that five bids were received in connection with the District's 4<sup>th</sup> bond issue. The low bidder was Hilltop Securities at 4.163367%. Last year's bonds, sold in the 3.4% range to Hilltop Securities. The bonds are rated at BAA3.

Bond Attorney Clayton Chandler reported that the bond order has been updated to incorporate all the information from Hilltop Securities. Mr. Kimball advised that the bond reimbursement audit will be considered at the December 18<sup>th</sup> meeting and closing will occur on December 20<sup>th</sup>. After discussion, President Nathan Neese entertained a motion for approval. Motion was made by Vince Terracina and seconded by Bubba Sykes to award the bid to Hilltop Securities and approve the Order Authorizing the Issuance of \$5,000,000 Reunion Ranch Water Control and Improvement District Unlimited Tax Bonds, Series 2018; 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.

### 13. AMENDED INFORMATION FORM

The Amended Information Form was updated to include the new amount of bonds to be issued. The form will be filed with the Hays County Clerk and TCEQ as required. After discussion, President Nathan Neese entertained a motion for approval. Motion was made by Tom Rogers and seconded by Dennis Daniel to approve the Amended Information Form as presented. The motion carried unanimously.

### 14. TRAIL SYSTEM WITHIN THE DISTRICT; MAP OF THE DISTRICT/HOA PROPERTY

Mike Moyer advised he received the third draft of the District map from the engineers. It is still being revised and will get something to the Board soon for review. The map indicates the properties owned by the HOA, Taylor Morrison and the District, along with the easements and trail assignments.

### 15. OPERATIONS AND MAINTENANCE REPORT

- A. Administrative
- B. Wastewater Treatment Plant
- C. Wastewater Grinder Stations
- D. Effluent Irrigation System & Fields
- E. Distribution & Collection System
- F. Billing Adjustments
- G. Delinquencies
- H. Customer Meter Issues
- I. Customer Complaints
- J. Stormwater conveyance and pond maintenance
- K. Landscaping
- L. Notices to residents on water quality

Manager Jesse Kennis discussed the manager's report. There is a total of 312 connections, 303 of which are residential. The delinquencies for October are as follows: 10 letters were mailed out, four door tags were hung and there were no disconnects for non-payment.

The Water Quality Monitoring looks good.

Mr. Kennis stated the water gain was likely due to timing of the meter reads. The accountability was 102%. They will continue to watch this next month.

The wastewater plant is operating at 58% capacity and is in full compliance. Engineer Dennis Lozano discussed the wastewater plant expansion with the Board.

Mr. Kennis stated that after the holidays, the winter rye will be planted.

Director Dennis Daniel asked if Inframark received any comments regarding the boil water notice. Mr. Kennis reported that he was not aware of any comments being made. The notice was sent by e-mail blast and signs were erected at the entryway to the subdivision.

16. EXPENDITURES, CONTRACTS, REPAIRS, REPLACEMENTS AND MAINTENANCE RELATED TO OPERATIONS AND MAINTENANCE REPORT IN ITEM 15 ABOVE

This item was not discussed.

17. AGREEMENT BY DISTRICT TO PAY RECURRING BANK DRAFT CHARGES INCURRED BY CUSTOMERS MAKING PAYMENTS TO THE DISTRICT

Manager Jesse Kennis informed the Board that the billing system has been changed to bill the District for the recurring bank draft charges previously incurred by the customers who make online payments to the District. There was discussion as to the amount of the charges and how they will be recorded. Bookkeeper Allen Douthitt will provide a line item in the bookkeeping report to show the costs. After discussion, President Nathan Neese entertained a motion for approval. Motion was made by Dennis Daniel and seconded by Tom Roger to authorize the District to pay the recurring bank draft charges, subject to monthly review. The motion carried unanimously.

18. 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 with the Board. This month's reporting goes through the end of the fiscal year. The auditor will most likely present the District's audit in January. Today's consideration will include payment of vendor invoices and per diems and two transfers. After discussion, President Nathan Neese entertained a motion for approval. Motion was made by Vince Terracina and seconded by Tom Rogers to approve payment of the vendor invoices and per diems and authorize the fund transfers as presented. The motion carried unanimously.


19. ORDER ESTABLISHING WATER AND WASTEWATER SERVICE RATES, CHARGES, TAP FEES AND SOLID WASTE DISPOSAL/RECYCLING FEES AND ADOPTING GENERAL POLICIES WITH RESPECT TO THE DISTRICT'S WATER, WASTEWATER AND DRAINAGE SYSTEMS

Director Dennis Daniel expressed his concern with irrigation of the right-of-way. The District's current rate order does not address a rate for irrigation. There was discussion of the estimated revenue cost for the HOA. Bookkeeper Allen Douthitt discussed the PUA water rates and impact fees billed to the District. Attorney Bill Flickinger discussed classification of the HOA rate, effluent rate and volume of irrigation per month.


After discussion, this item will be left on the agenda for further review.

20. ADJOURN

President Nathan Neese adjourned the meeting.

  
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Nathan Neese, President  
Reunion Ranch WCID

ATTEST:

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

[SEAL]

