

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 December 18, 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, Jimmy Romell with Maxwell Locke & Ritter, Evan Parker and Dennis Lozano with Murfee Engineering, Allen Douthitt with Bott & Douthitt, Jesse Kennis with InfraMark, LLC, Mike Moyer with Taylor Morrison and Frank Krasovec with Norwood Investments.

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 Vince Terracina and seconded by Tom Rogers to approve the November 20, 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. Sales are staying strong. 320 homes have been sold to date. The average appraised value within the District is \$508,874.

Plans for Phases 3-2 & 3-5 are headed to the commissioners court for final acceptance. Phase 2-4 is lagging and will get going soon. Phase 3-3 is close to being permitted, probably early January and delivering homes in October 2019. This will be the last phase in the District.

Frank Krasovec discussed the section of his 39 custom lots. That section will be gated and the streets will be private. That section will also have separate HOA fees. Mr. Krasovec stated that nine lots have been sold and two are under review. Mr. Krasovec will get with Mike Moyer on all the details with the sub HOA. Inframark will need to be provided gate access for any needed repairs.

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 in the amount of \$5,006.25 in connection with Reunion Ranch Phase 3, Section 4 submitted by Central Road and Utility, Ltd. The retainage is still being held.

After discussion, motion was made by Bubba Sykes and seconded by Vince Terracina 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

Mike Moyer discussed the bid summary for Phase 3 Section 3. A total of 6 bids were received. JL Gray Construction was the low bidder. After discussion, motion was made by Tom Rogers and seconded by President Nathan Neese to approve the award of bid to JL Gray Construction for Phase 3 Section 3 as presented. The motion carried unanimously.

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 Evan Parker filled in for Dennis Lozano. Mr. Parker discussed the engineer's report as included in the agenda package.

There was further discussion on the reclaimed water irrigation conversion memo prepared by Dennis Lozano. Director Dennis Daniel would like to see more of a plan with costs and timelines included.

9. BOND REIMBURSEMENT AUDIT RELATED TO THE ISSUANCE OF THE DISTRICT'S SERIES 2018 UNLIMITED TAX BONDS, AND AUTHORIZATION TO DELIVER THE BONDS AND DISTRIBUTE THE FUNDS IN ACCORDANCE WITH SUCH AUDIT

Auditor Jimmy Romell presented the final Agreed Upon Procedure Report of Reimbursable Costs for the \$5,000,000 bond issue and available surplus funds. The bond closing will be held on December 20th. The proceeds will be paid to Taylor Morrison. After distribution, \$28,000 will remain in surplus funds. After discussion, President Nathan Neese entertained a motion for approval. Motion was made by Vince Terracina and seconded by Tom Rogers to approve the Agreed Upon Procedures Report as submitted, authorize the Board President to make any necessary changes and authorize the distribution as stated in the report. The motion carried unanimously.

10. ALL ACTIONS AND DOCUMENTS NECESSARY OR CONVENIENT, OR BOTH, FOR THE DISTRICT'S 4TH BOND ISSUE

There was no further discussion on this matter.

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

Mike Moyer presented a draft of the trail system. This is the third draft, which is still not in final form. The map identifies lots owned by Taylor Morrison and shows the easements, ponds and wastewater plant. Mr. Moyer stated that a detailed discussion needs to be had regarding maintenance of the trails and easements and who will be responsible for that maintenance. Director Dennis Daniel agreed and the District needs to decide what to do sooner rather than later. There is not a set standard on how and who should take over those duties. The HOA should probably handle the trails, amenity center and landscaping and the District should probably handle the drip fields. Mr. Moyer is looking for Board input. President Nathan Neese discussed concerns over the District's getting annexed by the City of Dripping Springs. If that ever happens, the District owned facilities will go to the City and anything the HOA owns, will be retained by the HOA. Mr. Daniel discussed his concerns with tax liability for the HOA. Attorney Bill Flickinger suggested

a committee should be formed to head up this project. After discussion, a committee was formed consisting of President Nathan Neese and Director Dennis Daniel to address these issues.

12. 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 317 connections, 308 of which are residential. The delinquencies for November are as follows: seven letters were mailed out, five door tags were hung and there was one disconnect for non-payment.

The Water Quality Monitoring looks good.

The accountability for November was 97.35%.

The wastewater plant is operating at 58% capacity and is in full compliance.

Mr. Kennis presented a photo of the pond off of Katie Drive. As discussed at last month's meeting, there is concern over safety issues due to the steep embankment. Mr. Kennis advised that there are "No Trespassing" signs erected in that area. He was not sure if the Board wanted additional signage and wanted to further discuss the type of fencing to be considered. Director Dennis Daniel asked about the possibility of large boulders around the pond. Manager Jesse Kennis and Engineer Dennis Lozano will meet on site to discuss options and bring recommendations back to the Board in January.

13. EXPENDITURES, CONTRACTS, REPAIRS, REPLACEMENTS AND MAINTENANCE RELATED TO OPERATIONS AND MAINTENANCE REPORT IN ITEM 12 ABOVE

This item was not discussed.

14. 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. The auditor will 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 Bubba Sykes 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.

15. 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 and Attorney Bill Flickinger advised that this item was on the agenda to discuss instituting a charge to the HOA for irrigation of the right-of-ways. There was discussion of the District's current water rates. Engineer Dennis Lozano discussed rates for potable water and effluent. After discussion, motion was made by Dennis Daniel and seconded by Bubba Sykes to establish a HOA irrigation rate of \$2.50 per 1,000 gallons to take effect in the next billing cycle. Mike Moyer advised that he would like to see the difference in the District's budget related to charging for irrigation. Bookkeeper Allen Douthitt and Inframark will work on budget figures. After further discussion, Mr. Daniel withdrew his motion until the budget figures can be reviewed. Mr. Sykes agreed to the withdrawal of the motion as well.

16. ADJOURN

President Nathan Neese adjourned the meeting.



Nathan Neese, President
Reunion Ranch WCID

ATTEST:



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

[SEAL]

