

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 January 21, 2020 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 and Makenzi Scales with Inframark, LLC, Mike Moyer with Taylor Morrison and Jimmy Romell with Maxwell Locke & Ritter.

3. PUBLIC COMMENTS

No citizens were present.

4. §49.063(c), TEXAS WATER CODE: ANNUAL NOTICE REQUIREMENT FOR DISTRICTS THAT HOLD MEETINGS OUTSIDE OF THE DISTRICT

Attorney Bill Flickinger discussed the annual requirement for Districts that do not have a meeting place within the District boundaries pursuant to Chapter 49.063(c) of the Texas Water Code. The first agenda in each calendar year must include the notice requirement. The agenda for today’s meeting included the notice requirement and a description of the petition process. No action is needed.

5. MINUTES OF PRIOR MEETINGS

President Nathan Neese entertained a motion for approval of the Minutes. Motion was made by Tom Rogers and seconded by Dennis Daniel to approve the December 17, 2019 meeting Minutes as presented. The motion carried unanimously.

6. ANNUAL AUDIT SUBMITTED BY MAXWELL LOCKE & RITTER

Jimmy Romell presented and discussed the District's annual audit and required communications with the Board. Mr. Romell reported that the District received a clean, unmodified opinion, which is the best given. Mr. Romell stated that there is a new accounting standard this year, which is GASB 89. This new standard will take effect for the 2021 reporting. Currently developer interest is capitalized when paid. Now, it will no longer be included as an asset and will remain an expense. There were no difficulties in preparing the audit and there were no misstatements from any of the parties. After discussion, President Nathan Neese entertained a motion for approval. Motion was made by Dennis Daniel and seconded by Tom Rogers to approve the annual audit as presented, authorize the execution of the Annual Filing Affidavit by the Board President and authorize its filing with the TCEQ and Texas Comptroller. The motion carried unanimously.

7. 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 reported on the homebuilding metrics. A total of 421 homes have been sold to date with a total of 364 closed. The average sales price in the District is \$515,952. The sales price dipped a bit due to the 70' lots' average sales price. Mr. Moyer reported that the District is 80% built out. The last phase is close to council acceptance. There are a few items left in regard to pond maintenance.

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

This item was not discussed.

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

This item was not discussed.

10. 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
A. PROPOSAL FOR WASTEWATER LINE INSPECTIONS

Engineer Dennis Lozano discussed his engineer's report.

In regard to the Notice of Violations issued from the TCEQ, Mr. Lozano received the samples back from the December reporting. Those samples are close to compliance limits. Mr. Lozano needs to discuss this in detail with Inframark and talk to the TCEQ to see if they will allow this until the expansion is completed.

As discussed last month, the wastewater plant expansion project has been expanded to include the entire treatment plant. There was a delay from the electrical engineer, however the project is still moving forward with obtaining site approval.

The LCRA executed the Raw Water Contract Amendment. There was discussion of possibly going over the MAQ limit in December. The LCRA will review the overage and true-up in January.

Mr. Lozano discussed the Edwards Aquifer Recharge Zone wastewater line inspections with the Board. Mr. Lozano is working with Allen Douthitt to get a plan established and to include the upcoming costs in the budget. The budget may need to be amended in February.

Mr. Lozano reported that he will start working on bond application #6, which will be the last bond issue. He will submit an engineering proposal at the February board meeting. The estimated sizing will be \$7,050,000. Mr. Lozano will also follow-up with a surplus funds application. It is hoped that the bond application can be submitted to the TCEQ in March.

11. WASTEWATER TREATMENT PLANT EXPANSION; WASTEWATER TREATMENT PLANT IMPROVEMENTS AND MODIFICATIONS

As mentioned above, the project is moving forward.

12. COMMITTEE REPORTS.

- a. Trail/Map/Ownership committee (Trail system within the District; Map of the District/HOA property; conveyances, easements and/or license agreements to the District or HOA from developer)
- b. PUA Rate committee

Mike Moyer would like to discuss the timing of deeding the property over to the HOA and District. Mr. Moyer indicated that there is now a new management company in place. There are still a few items to discuss. Hopefully the first quarter of the year, this project can be completed.

13. 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
- M. Notice of Violations Issued by TCEQ dated August 5, 2019
- N. Maintenance Items in connection with Pre-Purchase Inspection Letter submitted by TCEQ

Manager Jesse Kennis introduced Makenzi Scales from his office. Mr. Kennis discussed his Executive Summary of the Manager's Report.

In regard to the District's water system, there are a total of 424 active connections. The average monthly water consumption was 4.4 million gallons. Water loss was measured at 3.38%.

Eleven delinquent letters were mailed out in December.

Mr. Kennis discussed the status of the District's wastewater system. The wastewater plant is operating at 76% capacity. Mr. Kennis discussed the upset at the wastewater treatment plant that occurred on January 5th. Mr. Kennis presented photos of the plant and a summary of the current situation, immediate corrective action and a long-term solution. The upset resulted in solids going into the ground storage tank and fouling up the drip field irrigation system pump/filters. Pump and haul from the ground storage tank was initiated to avoid an excursion. Director Dennis Daniel inquired if the District can do more pump and hauls to be sure that an excursion is avoided. The ground storage tank will be taken off-line and cleaned out. The long-term solution will be to install the sludge box and complete the expansion. Engineer Dennis Lozano reported that he is looking at a pilot testing on odor controls units and it appears that it will work well. He will have more details soon.

There was discussion of the pre-purchase post inspection pond work in Sections 2-5 and 3-1.

Mike Moyer discussed the berms at the amenity center. The boulders that are placed on the berm are used for vehicle stops for the irrigation fields. Mr. Moyer agrees that it can be cleaned up and the large boulders should be spaced out. Director Dennis Daniel would like to see the smaller boulders removed all together to give it a cleaner appearance. Mr. Kennis will arrange to have that work completed.

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

This item was not discussed.

15. COMMUNICATION CHANNELS WITH CUSTOMERS/RESIDENTS

This item was not discussed.

16. 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. Today's consideration will include payment of vendor invoices, per diems and two fund transfers. Mr. Douthitt reported that pump and haul was \$40,000, which is almost the entire year's budget for that item. There was discussion of amending the budget to include more money for pump and haul. Director Dennis Daniel is more inclined to explain the expenditure rather than amend the budget. After discussion, President Nathan Neese a motion for approval. Motion was made by Bubba Sykes and seconded by Dennis Daniel to approve payment of the vendor invoices, per diems and authorization of the two fund transfers as presented. The motion carried unanimously.

17. WEST TRAVIS COUNTY PUA MATTERS

This item was not discussed.

18. DISTRICT WEBSITE

Jeniffer Concienne reiterated that the website is up and running and looks great. According to the analytics, the website was viewed 48 items within a one-month period.

19. UTILITY CONVEYANCE AGREEMENT BETWEEN REUNION RANCH WATER CONTROL AND IMPROVEMENT DISTRICT AND TAYLOR MORRISON OF TEXAS, INC.

Attorney Matt McPhail discussed the Utility Conveyance Agreement with the Board. Phase 2-5 and Phase 3-1 facilities were reimbursed from the last bond issue. After discussion, President Nathan Neese entertained a motion for approval. Motion was made by Bubba Sykes and seconded by Tom Rogers to approve the Utility Conveyance Agreement as presented. The motion carried unanimously.

20. BLX ARBITRAGE REBATE COMPLIANCE SERVICES CONTRACT

Attorney Bill Flickinger advised that the District's first bond issue was issued in 2015. It is now time to engage a consultant to provide arbitrage rebate compliance services for the District. Mr. Flickinger advised that the District is not allowed to make money on its bonds. BLX will review the bond issues at the end of each fifth bond year and calculate the amount of rebate liability that it may have. BLX will then provide a report to the District on its findings. After discussion, President Nathan Neese entertained a motion for approval. Motion was made by Dennis Daniel and seconded by Tom Rogers to approve the BLX contract as presented. The motion carried unanimously.

AGENDA ITEMS RELATED TO ELECTIONS

21. Directors Election
 - a. Resolution Authorizing Secretary's Appointment of Agent to Perform Duties During Election Period
 - b. Notice of Deadline to File Application for Place on Ballot
 - c. Order Calling Directors Election
 - d. Contract for Election Services with Hays County
 - e. Joint Election Agreement

PUNTOS DEL ORDEN DEL DÍA RELATIVOS A ELECCIONES

21. Elección de Directores
 - a. Resolución para autorizar al secretario para designar a un agente para desempeñar funciones durante el período electoral
 - b. Aviso de fecha límite para presentar solicitudes de un lugar en la boleta de votación
 - c. Orden para convocar una Elección de Directores
 - d. Contrato de servicios electorales con el Condado de Hays
 - e. Convenio de elecciones conjuntas

Attorney Bill Flickinger discussed the election process. This election period, Bubba Sykes and Vince Terracina are up for reelection. The filing deadline for the Application for Place on Ballot is February 14th. There was discussion from Mr. Sykes and Mr. Terracina that if a resident applies, they will withdrawal their Application. If that occurs, the withdrawal date is February 21st. Mr. Flickinger discussed the election documents included in the agenda package. If the election is contested, Hays County will hold the election for the District. The District will need to enter into a Joint Election Agreement and Contract for Election Services with the County.

After discussion of the election process, President Nathan Neese entertained approval for the following motions:

Motion was made by Dennis Daniel and seconded by Tom Rogers to adopt the Resolution Authorizing Secretary's Appointment of Agent to Perform Duties During Election Period as presented. The motion carried unanimously.

Next, motion was made by Bubba Sykes and seconded by Dennis Daniel to adopt the Order Calling Directors Election as presented. The motion carried unanimously.

Lastly, motion was made by Dennis Daniel and seconded by Tom Rogers to authorize the Board President to enter into a Contract for Election Services and Joint Election Services Agreement with Participating Entities subject to any revisions agreed to by the District's attorney, the Hays County Election Administrator and the Board President. The motion carried unanimously.

22. ADJOURN

President Nathan Neese adjourned the meeting.



Nathan Neese, President
Reunion Ranch WCID

ATTEST:



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

[SEAL]

