

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 was held at 2:00 p.m. on October 20, 2020 by remote access only in accordance with the March 16, 2020 Order by Governor Abbott temporarily suspending certain requirements of the Texas Open Meetings Act to advance the goal of limiting face-to-face meetings to slow the spread of COVID-19. The meeting was open to the public and notice was given as required by the Texas Open Meetings Act and as modified by the Governor's Order.

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:

Dennis Daniel – President  
Thomas J. Rogers, Jr. - Secretary  
Nathan Neese – Assistant Secretary  
Eileen Grass – Assistant Secretary

thus constituting a quorum. Vice President Rick Triplett was absent.

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, Kristi Hester and Makenzi Scales with Inframark, LLC, Mike Moyer with Taylor Morrison, Garry Kimball with Specialized Public Finance Inc., Frank Krasovec with Norwood Investments, Michelle Kopplow with Maxwell Locke & Ritter, Clayton Chandler with McCall Parkhurst and resident Gary Grass.

3. PUBLIC COMMENTS

Resident Gary Grass asked a couple of questions regarding the bond issue. Mr. Grass stated that the Board awarded Excel Construction a \$3,445,000 contract for the expansion of the plant. In the "Use and Distribution of Bond Proceeds" section in the preliminary official statement, there is a line item for the plant expansion, and it places the cost at \$2,152,979. Mr. Grass asked why the difference in cost. Mr. Grass then asked about the dollar amount of the bond issue being enough to reimburse the developer. Mr. Grass stated that in the "Issuance of Additional Debt" paragraph it mentions that the District engineer doesn't believe that the amount of the bonds may

be enough to reimburse the developer. However, in the "Future Debt" paragraph the District engineer says that the amount should be sufficient. Mr. Grass asked which statement is correct. Engineer Dennis Lozano and Financial Advisor Garry Kimball explained statements in the preliminary official statement and discussed the costs associated with the wastewater treatment plant. Mr. Kimball advised that cost figure has been already updated.

4. MINUTES OF PRIOR MEETINGS

President Dennis Daniel had a few clarifications to the minutes. After discussion, motion was made by President Daniel and seconded by Tom Rogers to approve the September 15, 2020 meeting Minutes as revised. 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 reported on the pre-construction meeting for the wastewater treatment expansion. The contractor is ready to get started. The erosion controls will be put in place today.

Mr. Moyer reported on the building metrics in the District. As of October 12<sup>th</sup>, a total of 474 homes have been sold, with 429 of them closed. As of today, another five homes have been sold. Taylor Morrison only has six more homes to sale. The average sales price in the District is \$533,533.

Mr. Moyer reported that these figures do not include Frank Krasovec's section.

Mr. Krasovec reported that they have closed six sales within the last 30 days. He has 16 more lots to sell. Mr. Krasovec reported they have sold 23 to date. Within the next six months, construction should be completed on about 16 homes. The price range in this section is \$1.1 to \$1.5M.

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

This item was not discussed.

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

This item was not discussed.

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; USE OF EFFLUENT TO IRRIGATE RIGHTS-OF-WAY; PROPOSALS FROM DISTRICT ENGINEER IN CONNECTION WITH USE OF EFFLUENT TO IRRIGATE RIGHTS-OF-WAY AND TIMELINE FOR SAME

Engineer Dennis Lozano discussed his report as included in the agenda package.

Mr. Lozano reported that the pre-purchase inspection will be conducted today to finalize purchasing the facilities referenced in the bond application.

There was discussion of the wastewater flows vs. protections and permit milestones. Mr. Lozano stated that the flows are still reporting over 100%. Mr. Lozano indicated that all the consultants as a group are still working on the response to the TCEQ in regard to the September 25, 2020 violation letter.

Mr. Lozano discussed the status of the wastewater treatment plant expansion. A pre-construction meeting was held on October 15<sup>th</sup>. The scheduled completion date of the expansion is June 6, 2021. There will be weekly updates on the status of the construction. The updates will be posted on both the District's and HOA's websites.

As previously stated, the wastewater line inspections were completed. Mr. Lozano will bring a Summary of Findings to the next board meeting for discussion. It was reported that a manhole needs some work. Mr. Lozano will review the CCTV footage from the inspections and bring an analysis back to the next board meeting for review.

9. RESOLUTION APPROVING PRELIMINARY OFFICIAL STATEMENT; AUTHORIZING DISTRIBUTION OF PRELIMINARY OFFICIAL STATEMENT AND PUBLICATION OF A NOTICE OF SALE OF BONDS; AND APPROVING OTHER RELATED MATTERS

10. AUTHORIZING PAYMENT OF THE ATTORNEY GENERAL BOND REVIEW FEE

11. DESIGNATION OF PAYING AGENT/REGISTRAR FOR THE BONDS

Items 9, 10 and 11 will be discussed together.

Financial Advisor Garry Kimball discussed the \$7,050,000 bond issue. There was discussion with Mike Moyer and Frank Krasovec of the homebuilding in the District. Additional builders will be included in the preliminary official statement, along with updated home values. President Dennis Daniel inquired about refunding bonds. Mr. Kimball explained those are bonds to refinance other bonds. A refunding issue can only be held 90 days away from the call date,

which would mean that the first refunding issue could not be done until 2022. Attorney Bill Flickinger noted that the final order has not yet made it to all parties. Engineer Dennis Lozano will reach out to the TCEQ on the status of mailing the final order. After discussion, motion was made by Tom Rogers and seconded by President Dennis Daniel to adopt the Resolution Approving Preliminary Official Statement; Authorizing Distribution of Preliminary Official Statement and Publication of a Notice of Sale of Bonds; and Approving other Related Matters, subject to changes discussed today. The motion carried unanimously. Motion was also made by President Dennis Daniel and seconded by Eileen Grass to approve payment of the Attorney General bond review fee in the amount of \$7,050 and designate the Paying Agent as Bank of Texas. The motion carried unanimously.

12. ENGAGEMENT LETTER SUBMITTED BY MAXWELL LOCKE AND RITTER FOR BOND REIMBURSEMENT AUDIT FOR THE DISTRICT'S 9<sup>TH</sup> BOND ISSUE

Michelle Kopplow discussed the engagement letter for the bond reimbursement audit in connection with the District's bonds. The fee will range from \$10,000 to \$12,000. This fee is consistent with the 2019 bond issue. Attorney Bill Flickinger explained that before reimbursement can be delivered, the agreed upon procedures must be approved. After discussion, motion was made by President Dennis Daniel and seconded by Nathan Neese to approve the engagement letter from Maxwell Locke and Ritter as presented. The motion carried unanimously.

Financial Advisor Garry Kimball and Bond Attorney Clayton Chandler left the meeting at 2:40 p.m.

13. ALL ACTIONS AND DOCUMENTS NECESSARY OR CONVENIENT, OR BOTH, FOR THE DISTRICT'S 6<sup>TH</sup> BOND ISSUE

No further discussion was held on this topic.

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

President Dennis Daniel asked about the status of temporary covers for the basins to help eliminate the odor issues. Manager Makenzi Scales reported that the cover on the EQ basin was sealed up and is functional.

15. COMMITTEES – ASSIGNMENT AND MEMBERSHIP

This item was not discussed.

16. COMMITTEE REPORTS.

- a. Trails/Ponds (Eileen & Rick)
- b. Property Conveyances, easements and/or License Agreements to the District or HOA from developer (Rick & Dennis)
- c. WTCPUA (Nathan & Dennis)
- d. Wastewater Treatment Plant Improvements and Odor Control (Dennis & Rick)

Eileen Grass reported on the trails and ponds within the District. Mrs. Grass discussed the process of the Aquatic Features contract and the work performed by Inframark. The reports on the work being done on the ponds is a bit hard to follow. After discussion, Manager Makenzi Scales will create a report on all the work that has been finished so that it will be easier to keep up with the status of repairs.

Mrs. Grass then discussed the status of the trail maintenance. Mike Moyer advised that he would get with the HOA on how to move forward with replacing the crushed granite with bullrock.

There was no update on the conveyance of property from the HOA to the District.

Nathan Neese advised that the PUA minutes which discussed the wholesale water base rate increase have not yet been posted.

The wastewater treatment plant improvements and odor controls were discussed above.

17. OPERATIONS AND MAINTENANCE REPORT

- A. Administrative
- B. Wastewater Treatment Plant; Odor Control Measures and Complaints
- 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; Exit Interview from TCEQ site visit of July 10, 2020
- N. Maintenance Items in connection with Pre-Purchase Inspection Letter submitted by TCEQ
- O. Out of District Water/Wastewater Service Requests
- P. Policy Regarding Use of Greenspace and other District Property

Manager Makenzi Scales discussed the Executive Summary with the Board.

The District currently has 481 active connections. 2.35 million gallons of water were consumed in August. The District incurred another water gain of 2.05%. Ms. Scales stated that 13 delinquent letters were mailed out.

Flows at the wastewater treatment plant totaled 1.511 MG, which averages 50,400 GPD. Plant capacity is at 100.8%. Mr. Kennis reported that the air scrubber was installed on the bar screen basin.

Ms. Scales reported that the two pumps at Lift Station 1 (Adam Court) are back in and running, and no issues have been reported. Engineer Dennis Lozano will follow-up with Jesse Kennis on the pump curves.

Ms. Scales discussed the update on manhole #61. The investigation found that the manhole was clean but is not flowing. The next step will be to camera the line to determine the blockage. President Dennis Daniel does not want to incur the cost of another camera investigation.

President Daniel would like to see a list generated of all District complaints for all topics. The list should include the complaint and resolution. No personal information should be included on the list.

Attorney Bill Flickinger discussed the draft of the response to Notice of Violations to the TCEQ. It appears that most of the violations will be correct by the plant expansion. President Daniel wants the response to be very thorough.

18. EXPENDITURES, CONTRACTS, REPAIRS, REPLACEMENTS AND MAINTENANCE RELATED TO OPERATIONS AND MAINTENANCE REPORT IN ITEM 17 ABOVE

This item was not discussed.

19. EXTENSION OF MORATORIUM ON DISCONNECTIONS OF WATER SERVICE FOR NON-PAYMENT

President Dennis Daniel asked if there were any situations regarding disconnects. Manager Makenzi Scales was not aware of any. This item can be removed from the agenda due to no longer having a moratorium on disconnections of water service for non-payment.

20. COMMUNICATION CHANNELS WITH CUSTOMERS/RESIDENTS; WEBSITE MODIFICATIONS

Jeniffer Concienne discussed the option of having a constant contact tab so that residents can opt-in and receive District updates instead of having to look at the website for the notices. After discussion and the costs related to this option, the consensus was to just keep using the HOA blast to get notices out to the residents.

21. BOOKKEEPER'S REPORT ON THE FINANCIAL AFFAIRS OF THE DISTRICT, INCLUDING AUTHORIZATION OF PAYMENT OF BILLS

Bookkeeper Allen Douthitt discussed the financials with the Board. Today's consideration will include payment of vendor invoices, per diems, and fund transfers. This month, the District's budget is \$20,000 to the good due to high water sales. There was discussion of the cost of the damage to the lines due to the construction debris. After discussion, President Dennis Daniel entertained a motion. Motion was made by Tom Rogers and seconded by Nathan Neese to approve payment of the vendor invoices and per diems and approval of the fund transfers as presented. The motion carried unanimously.

22. RATE ORDER

23. RULES AND REGULATION GOVERNING WATER AND SANITARY SEWER FACILITIES, SERVICE LINES, COMMUNICATIONS, EROSION CONTROL CHARGES TO BUILDERS AND CONTRACTORS FOR DAMAGE TO LIFT STATIONS AND PUMPS DUE TO TRASH AND DEBRIS

Items 22 and 23 were discussed together.

Attorney Bill Flickinger reported that the Rate Order and Rules and Regulations were on the agenda primarily to move the pool deposit and inspection fees from the Rules and Regulations into the Rate Order. As the Board is aware, there was some confusion recently on the pool deposit and fees and it wants to be sure this is cleaned up and does not repeat itself.

Mr. Flickinger advised that once the rules are approved, he will provide notice in the newspaper as required.

In regard to the Rate Order, the Board discussed the pool deposits. Bookkeeper Allen Douthitt presented an analysis of the pool deposits/inspections. There are 10 pool deposits on file from July through September. The pool deposit is \$1,500. It appears that the inspection fees were charged at different amounts. The District's Rules state that there should be two inspections at \$50 each. The analysis that shows inspections fees over \$100 are either incorrect or need further explanation regarding the amounts collected. There was discussion if the \$1,500 pool deposit was sufficient. After discussion, it appears the pool deposit is sufficient and that all the pool deposit checks will be deposited into the District's account. Checks will be reissued to the owners when appropriate.

Motion was made by President Dennis Daniel and seconded by Tom Rogers to adopt the Rate Order as presented. The motion carried unanimously.

President Daniel asked for a recommendation from Inframark in regard to the pool deposit amount and some information on any damage that has occurred during the pool installation process in the past, and possibly any that they have seen in other Districts. The Board can discuss this further at the next board meeting. Motion was then made by President Dennis Daniel and seconded by Tom Rogers to refund collected inspection amounts over \$100.

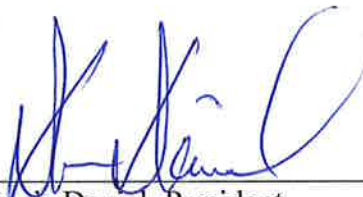
Motion was also made by Tom Rogers and seconded by President Dennis Daniel to adopt the Rules and Regulations as presented. The motion carried unanimously.

President Daniel wants to be sure the Rate Order and Rules and Regulations will be posted on the District's website.

Attorney Bill Flickinger reported that he will need to look at the costs related to the damage to the lift station pumps caused by the debris in the lines to see if any charges should be billed to the builders. Once those invoices are submitted, he will review them. As of right now, Mr. Flickinger is not ready to make a recommendation.

24. ADJOURN


President Dennis Daniel adjourned the meeting.



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Dennis Daniel, President  
Reunion Ranch WCID

ATTEST:



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Thomas J. Rogers, Jr. Secretary  
Reunion Ranch WCID

[SEAL]