

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 August 17, 2021 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
Terri Purdy – Vice President
Ron Meyer - Secretary
Thomas J. Rogers, Jr. – Assistant Secretary
Nathan Neese – Assistant Secretary

thus constituting a quorum. All Directors were present.

Also present at the meeting were Bill Flickinger and Jeniffer Concienne with Willatt & Flickinger, PLLC, Andrea Wyatt and Evan Parker with Murfee Engineering, Allen Douthitt with Bott & Douthitt, Kristi Hester and Kay Olsen with Inframark, LLC, Mike Moyer with Taylor Morrison and Garry Kimball with Specialized Public Finance Inc.

3. PUBLIC COMMENTS

No public comments were made.

4. MINUTES OF PRIOR MEETINGS

President Dennis Daniel entertained a motion. Motion was made by Tom Rogers and seconded by Nathan Neese to approve the Minutes of the July 20, 2021 meeting as presented. The motion carried unanimously.

5. ANNUAL AUDIT ENGAGEMENT LETTER FROM MAXWELL LOCKE & RITTER

Attorney Bill Flickinger discussed the annual audit engagement letter submitted by Maxwell Locke & Ritter. The fee has been increased by \$500 from last year. After discussion, motion was made by Tom Rogers and seconded by Terri Purdy to approve the audit engagement letter as presented. The motion carried unanimously.

6. DEVELOPER'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, STATUS OF DEVELOPMENT LOANS AND ACTIONS OF THIRD PARTIES OPPOSING OR SUPPORTING DEVELOPMENT WITHIN THE DISTRICT

Mike Moyer reported on the building metrics in the District. There is a total of 485 homes sold, which is all of Taylor Morrisons' inventory. Out of those transactions, 474 have closed. The average sales price is holding steady at \$538,862.

Mr. Moyer reported that the HOA election process will begin in October. As stated previously, Taylor Morrison will most likely be out of the District by the end of the year.

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

Engineer Andrea Wyatt discussed Pay Application No. 8 submitted by Excel Construction Services, LLC in the amount of \$514,119.60 for the WWTP expansion project.

After discussion, President Dennis Daniel entertained a motion. Motion was made by Tom Rogers and seconded by Ron Meyer to approve payment of the foregoing pay application as presented. The motion carried unanimously.

After considerable discussion on the addition of handrails and rain delays, motion was made by President Dennis Daniel and seconded by Tom Rogers to approve Change Order No. 3 submitted by Excel Construction Services, LLC in the amount of \$21,064.00 for the addition of a handrail around the new treatment plant, approving only the cost of material, labor and installation and that the time extension be added to the end of contract dates rather than substantial completion date, and that the final change order come back to the committee for final approval. The motion carried unanimously.

Mike Moyer discussed the conditional approval and a new change order form for his signature. He discussed the need to amend or not amend the contract due to this modification. Engineer Andrea Wyatt will review the contract language.

Motion was then made by Terri Purdy and seconded by Tom Rogers to a Change Order No. 4, which will add 28 days to substantial completion duration due to excessive rain delays which caused construction delays and to extend the contract dates from 272 days to 300 days based on the previously approved change orders, subject to the committee reviewing the documentation. The motion carried unanimously.

President Daniel inquired about the new completion date, which would be August 15th. The contractor is already incurring liquidated damages. This would be contingent upon committee review and execution by Taylor Morrison.

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

This item was not discussed.

9. ENGINEER'S REPORT ON STATUS OF CONSTRUCTION WITHIN THE DISTRICT, DEVELOPMENT ENTITLEMENTS, PROVISION OF WATER, WASTEWATER AND DRAINAGE SERVICES WITHIN THE DISTRICT, PENDING PERMIT APPLICATIONS, SALES OF LOTS TO BUILDERS, HOMEBUILDING WITHIN THE DISTRICT AND PAST, PRESENT AND FUTURE BOND ISSUES; USE OF EFFLUENT TO IRRIGATE RIGHTS-OF-WAY AND TIMELINE FOR SAME

10. WASTEWATER TREATMENT PLANT EXPANSION; WASTEWATER TREATMENT PLANT IMPROVEMENTS AND MODIFICATIONS; ALTERNATIVES FOR ADDITIONAL ODOR CONTROL MEASURERS AT THE DISTRICT'S WASTEWATER PLANT AND FUNDING FOR SAME, INCLUDING POSSIBLE AGREEMENT WITH TAYLOR MORRISON ON FUNDING FOR SAME, INCLUDING POSSIBLE AGREEMENT WITH TAYLOR MORRISON ON FUNDING FOR SAME; PROPOSAL FOR THIRD-PARTY ODOR CONSULTANT/INSPECTOR

Items 9 and 10 were discussed together.

Evan Parker discussed the Engineer's Report as included in the agenda package.

Attached to the engineer's report is the updated figure tracking wastewater flows. The flows are currently at 92%. Mr. Parker discussed the unit usage analysis graph in the agenda package. President Dennis Daniel would like to see the true flow to the plant by the next board meeting.

In regard to the wastewater treatment plant expansion, the contractor finished installing the dewatering equipment and associated piping and coating. The fine screen was temporarily pulled due to the gate stem not fitting properly, which has now been fixed. A large portion of the control panels have been set in place the wiring will be finished this week.

11. COST SHARING PROGRAM WITH THE LCRA

There was discussion of the Cost Sharing application with the LCRA. The deadline is September 1st. Evan Parker is working on flow and head loss calculations for the most demanding irrigation zones to form a system head curve. Murfee has listed out required items in preparation for the Cost Sharing Application. The Board committee of President Dennis Daniel and Terri Purdy will review the application. There was discussion of the 210 conversion costs and the possible amount of the LCRA contribution. After discussion, motion was made by President Dennis Daniel and seconded by Nathan Neese to prepare the application and authorize President Dnaiel to execute the application no later than September 1st. The motion carried unanimously. President Daniel asked that a draft be submitted for his review prior to the deadline.

12. REVIEW OF DISTRICT EASEMENTS AND LAND NECESSARY FOR DISTRICT OPERATIONS

Attorney Bill Flickinger discussed Taylor Morrison's deeding the common areas to the HOA. The District will have the right to approve improvements so as to not interfere with the District's operations. By next the Board meeting, the Deeds should be finalized and ready for approval.

13. LONG-TERM DISTRICT IMPROVEMENTS PLAN AND ASSET MANAGEMENT PLAN

Engineer Andrea Wyatt discussed the draft Long Term District Improvements and Asset Management Plan with the Board. The items included in the plan should be incorporated into the District's budget. It is also recommended that for some of the more expensive items, such as removal of the pond solids and video inspection, the District should start building its reserves for those projects. Once finalized, the report can be included in the agenda package for regular updates.

13. COMMITTEE REPORTS, ASSIGNMENT AND MEMBERSHIP

- A. District Operations (Dennis & Terri)
- B. Communications (Terri & Dennis)
- C. WTCPUA (Nathan & Dennis)
- D. Water Quality/Land Use (Ron & Terri)
- E. Audit/Budget (Nathan & Dennis)

There was nothing to report on for Items A through C.

Secretary Ron Meyer indicated that a resident would like to have a copy of the full pond inspection report. Manager Kristi Hester advised that it was included in the agenda package.

The budget committee will discuss their findings during the budget item below.

15. OPERATIONS AND MAINTENANCE REPORT

- A. Administrative
- B. Wastewater Treatment Plant; Odor Control Measures and Complaints; All actions necessary to bring the wastewater treatment plant into compliance with TCEQ permit and to mitigate odor problems
- C. Wastewater Grinder Stations
- D. Effluent Irrigation System & Fields
- E. Distribution & Collection System & Lift Stations
- F. Billing Adjustments
- G. Delinquencies
- H. Customer Meter Issues
- I. Customer Complaints
- J. Stormwater conveyance & pond maintenance
- K. Landscaping
- L. Notices to residents on water quality
- M. Maintenance Items in connection with Pre-Purchase Inspection Letter submitted by TCEQ.
- N. Out of District Water/Wastewater Service Requests
- O. Policy Regarding Use of Greenspace and other District Property
- P. Pump rentals
- Q. Impact of winter storms on operation of water, wastewater and water quality systems; system performance as designed and system failures; actions take to address system failures; recommendations for repairs or improvements to systems; associated costs and possible application for disaster relief funds
- R. Maintenance access
- S. I&S

Manager Kristi Hester discussed the Executive Summary with the Board.

Mrs. Hester has not received a response from FEMA on state or local funding in connection with the winter storm. Her assumption is that due to the lack of response, there is nothing available.

In connection with the WWTP/ Collection system, the District's total flows were 1.39 MG, which averages 45,000 GPD. The plant is running at 90% capacity. The permit levels were exceeded again. Mrs. Hester also reported that Wastewater Transport pulled waste from the wrong basin, which caused an upset. She is looking at obtaining a refund of some or all the costs incurred due to the upset. There was also discussion on the need for an I&I survey. The 6" caps have been repaired and significant improvements were made due to those repairs.

In connection with the Water System, there are 519 active connections. There was 11.7 MG of water purchased for July. This reporting period showed 100% water accountability. The chlorine and bacteriological samples are in compliance. These tests will be on a seven-day monitoring plan now. This change in reporting is due to the District's population.

There were 19 delinquent letters mailed out, however there were no disconnects of water service.

There was discussion of the construction of pools in the District. Inframark will work with the HOA to align the process. Secretary Ron Meyer reported on pool issues that should be looked at. Mrs. Hester will work with the committee of Ron Meyer and Terri Purdy on these issues. Mrs. Hester will include the pool erosion controls in the packet going forward. Mr. Meyer also discussed the process of fining builders after multiple violations. President Dennis Daniel stated that they need to be more stringent on erosion controls within the District. After discussion, motion was made by President Dennis Daniel and seconded by Tom Rogers to authorize the committee to work with Inframark on what violations need attention and subsequent actions against the builders within the District. The motion carried unanimously.

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

This item was not discussed.

17. 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. There was a hit to the District's budget due to the wastewater charges. Year to date, the budget is down \$170,000. After discussion, President Dennis Daniel entertained a motion. Motion was made by Terri Purdy and seconded by Ron Meyer to approve the invoices, per diems and two fund transfers as discussed. The motion carried unanimously.

18. SPECIALIZED PUBLIC FINANCE INC PROPOSAL TO PROVIDE TAX RATE SETTING ASSISTANCE SERVICES

Financial Advisor Garry Kimball discussed the implementation of SB 2 last year. This law caused a lot of tax setting preparation and assistance. Once a District issues all its bonds, assistance with its tax rate is not included in their regular contract for bond issuance. The rate for this assistance is \$3,000 per year and will be billed on October 1st of each year. After discussion, President Dennis Daniel entertained a motion. Motion was made by Tom Rogers and seconded by Ron Meyer to approve the proposal to Provide Tax Rate Setting Assistance Services as presented. The motion carried unanimously.

19. PROPOSED BUDGET 2021/2022
20. ORDER SETTING THE DISTRICT'S PROPOSED TAX RATE FOR 2021 AND PROVIDING FOR PUBLICATION OF NOTICE THEREOF

President Dennis Daniel announced that the Board of Directors will go into closed session for consultation with the District's attorney pursuant to Section 551.071 of the Texas Government Code regarding matters related to Agenda Item Nos. 10, 19 & 20. The Board went into closed session at 3:40 p.m.

At 4:10 p.m., President Daniel announced that the Board of Directors had concluded its closed session and was returning to open meeting, and that no action was taken during the closed session.

President Daniel then moved to discuss Item Nos. 19 and 20.

Bookkeeper Allen Douthitt discussed the draft budget with the Board. The budget committee has reviewed the draft and recommends it for approval. The key assumptions are based on an assessed valuation of \$289,022,999 and a total tax rate of \$0.8250. Financial Advisor Garry Kimball discussed the fixed bond payments and reduction of debt service rate. There was also discussion of the recommended reserves.

The regular board meeting will be moved up a week to hold the public hearing on the tax rate. The next meeting will be September 14th.

Attorney Bill Flickinger discussed setting the District's proposed tax rate and publication thereof. The split between O&M and debt service will be lowered from last year. The O&M will be \$0.275 and \$0.550 for debt with an overall tax rate of \$0.825. After discussion, President Dennis Daniel entertained a motion for approval. Motion was made by Tom Rogers and seconded by Terri Purdy to adopt the Order Setting the District's Proposed Tax Rate for 2021 and Providing for Publication of Notice Thereof with the rates discussed above. The motion carried unanimously.

21. NOTICE OF VIOLATIONS ISSUED BY TCEQ DATED AUGUST 5, 2019; EXIT INTERVIEW FROM TCEQ SITE VISIT OF JULY 10, 2020; TCEQ NOTICE OF ENFORCEMENT FOR COMPLIANCE EVALUATION INVESTIGATION, DATED SEPTEMBER 25, 2020; PROPOSED AGREED ENFORCEMENT ORDER AND RELATED FINES; TCEQ NOTICE OF VIOLATION FOR COMPLAINT INVESTIGATION DATE JUNE 16, 2021

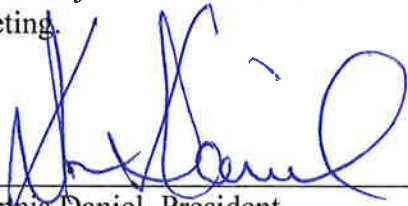
Attorney Bill Flickinger indicated there was nothing new to report.

22. RESOLUTION ESTABLISHING OFFICES, MEETING PLACES AND REGULAR MEETING TIMES; VIRTUAL MEETINGS; FUTURE BOARD MEETING TIMES, LOCATION AND RULES FOR IN PERSON MEETINGS BEGINNING IN SEPTEMBER

The Board discussed future meeting dates and times. After discussion, the regular board meetings will be moved to 3:00 p.m. instead of 2:00 p.m. The meeting date will remain the same, which is the third Tuesday of each month. After discussion, motion was made by Tom Rogers and seconded by President Dennis Daniel to amend the Resolution Establishing Offices, Meeting Places and Regular Meeting Times as presented. The motion carried unanimously. The Resolution will be published in the newspaper and filed with the TCEQ.


23. ADJOURN

President Dennis Daniel entertained a motion to adjourn. Motion was made by Tom Rogers and seconded by Terri Purdy to adjourn the meeting.



Dennis Daniel, President
Reunion Ranch WCID

ATTEST:



Ronald F. Meyer, Secretary
Reunion Ranch WCID

[SEAL]