

MINUTES OF SPECIAL MEETING
OF
REUNION RANCH WATER CONTROL AND IMPROVEMENT DISTRICT

STATE OF TEXAS §
 §
COUNTY OF HAYS §

A special meeting of the Board of Directors of Reunion Ranch Water Control and Improvement District was held at 2:00 p.m. on September 14, 2021 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:

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, Matt McPhail, Hunter Hudson and Jeniffer Conciencie with Willatt & Flickinger, PLLC, Andrea Wyatt and Evan Parker with Murfee Engineering and Kristi Hester and Kay Olsen with Inframark, LLC.

Attending via Zoom were Allen Douthitt with Bott & Douthitt, Garry Kimball with Specialized Public Finance, Mike Moyer with Taylor Morrison and residents, Gary Grass, Leslie Daniel and Pattie Schieck

3. PUBLIC COMMENTS

Resident Gary Grass stated that the pond reports that were included in the agenda package were very helpful and if Inframark could include the name of the ponds in the report, it would be much appreciated.

4. PUBLIC HEARING ON TAX RATE
5. LONG-TERM DISTRICT IMPROVEMENT AND ASSET MANAGEMENT PLAN
6. ORDER APPROVING BUDGET FOR 2021-2022
7. ORDER APPROVING THE DISTRICT'S APPRAISAL ROLL AND SETTING THE DISTRICT TAX RATE FOR 2021

President Dennis Daniel took Items 4 – 7 together.

President Daniel opened the public hearing on the tax rate. Hearing no comments, the public hearing was closed.

President Daniel asked Engineer Andrea Wyatt to discuss the Asset Management Plan for the District. Ms. Wyatt discussed the plan in connection with the District's budget. The discussion was focused on one-time projects, annual reoccurring projects and regular projects costs as outlined in the report.

Bookkeeper Allen Douthitt discussed the draft budget, along with the non-routine maintenance reserves. Attorney Bill Flickinger discussed the key assumptions for the O&M and debt rates for the proposed tax rate. Mr. Flickinger also noted that an appendix will be added to the budget to include the engineer's report supporting the initial bond election, last two years' audits and the bond transcripts for the unpaid bonds.

After discussion, President Daniel entertained a motion. Motion was made by Tom Rogers and seconded by Ron Meyer to approve the Order Adopting Budget as presented. The motion carried unanimously.

Financial Advisor Garry Kimball discussed the District's debt service rate as it relates to the District's bonds. Due to selling the last issue, the debt rate will now be able to be decreased going forward. There will be some growth in the tax base, but not as much going forward. The debt rate will be decreased to \$0.550, the O&M rate will be increased to \$0.275, for an overall tax rate of \$0.825. After discussion, President Daniel entertained a motion. Motion was made by Nathan Neese and seconded by Tom Rogers to adopt the Order Approving the District's Appraisal Roll and Setting the District's Tax Rate for 2021 as presented. The motion carried unanimously.

8. AMENDED INFORMATION FORM

Attorney Bill Flickinger reported that when there is a change in the District information, it is required by statute to amend the District's Information Form. Due to the tax rate being lowered, it has been amended as well as the Notice to Purchaser. The Notice to Purchaser alerts the buyers that they are buying within a water district and provides the pertinent information. The form will be filed with the Hays County Clerk and TCEQ. After discussion, President Daniel entertained a

motion for approval. Motion was made by Tom Rogers and to adopt the Amended Information Form as presented and authorize its filing. The motion carried unanimously.

9. MINUTES OF PRIOR MEETINGS

President Dennis Daniel entertained a motion for approval of the August minutes. Motion was made by Nathan Neese and seconded by Tom Rogers to approve the Minutes of the August 17, 2021 meeting as presented. The motion carried unanimously.

10. 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. Year to date, the budget is \$200,000 over. After discussion, President Dennis Daniel entertained a motion. Motion was made by Nathan Neese and seconded by Tom Rogers to approve the invoices, per diems and two fund transfers as discussed. The motion carried unanimously.

11. ANNUAL INSURANCE RENEWAL WITH AJ GALLAGHER

This item is not yet ready for consideration. It will be left on the agenda for next month's meeting.

12. 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. As reported last month, 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. The HOA's directors election will be held in November. Mr. Moyer is hopeful that all will be transitioned in December.

In Frank Krasovec's section, there are only five lots left. The average sales price is \$2.9 million.

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

Engineer Andrea Wyatt reported that when the contractor was cleaning out the existing basin, it was discovered that the existing pump rails must be replaced. Ms. Wyatt indicated that the rails should be replaced while the basin is empty in order to avoid draining the basin again. The quote came in under \$2,500. After discussion, President Dennis Daniel entertained a motion.

Motion was made by Nathan Nesse and seconded by Tom Rogers to approve the ~~handrails~~ ^{pump rails} being replaced at a cost not to exceed \$2,500. The motion carried unanimously.

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

This item was not discussed.

15. 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

16. 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 15 – 17 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 94%. The total flows will be included on the usage chart for the next board meeting.

In regard to the wastewater treatment plant expansion, the start-up for the new SBR basin (SBR 2) was successful with the exception of the electrician's needing to fine-tune the timing of the air valve for optimal operation. SBR 1 has been emptied into SBR 2 and is currently being prepped for grouting the new slope on the basin floor as well as the installation of new equipment. The contractor plans on pouring multiple electrical control panel site pads next week, as well as coordinating with Huber on the fine screen installation check.

President Dennis Daniel asked why is the District still needing to pump and haul. Engineer Andrea Wyatt advised that it is still needed at this time. Mike Moyer inquired about the final completion date of the WWTP expansion. Mrs. Wyatt explained that it should be October 30th, with the substantial date being September 30th. However, these deadlines might need to still be extended and pushed to December. After discussion, motion was made by President Dennis Daniel

and seconded by Ron Meyer to authorize ordering the material for the handrails while working on the extension. The motion carried unanimously. It was noted that these materials will be stored on site and available when needing to be installed.

There was discussion of an odor complaint received by Inframark and President Daniel. Mrs. Wyatt explained that the complaint was caused by a lid being off of the plant.

Manager Kristi Hester discussed the encroachment requests required by the City of Dripping Springs, in connection with two pool installations. There was discussion again, as to why the City wants the District to approve these. It appears that these locations are ok for the pool equipment as noted. Mrs. Hester advised that Inframark has no issues with signing off on these requests. Mike Moyer had concerns and did not want to allow it in the PUE. President Dennis Daniel is ok with approving it so long as the District does not have any lines in the PUE. Mrs. Hester confirmed that there are no District lines in the PUE. After discussion, motion was made by President Dennis Daniel and seconded by Terri Purdy to approve the License to Encroach Application and Utility Providers' Consent Form required by the City of Drippings Springs for the pool installations at 145 Mary Elise Way and 125 Patience Cove. The motion carried unanimously.

Evan Parker then discussed SB 3 and the requirement for an Emergency Preparedness Plan. A proposal for this work will be included on the next meeting agenda. There are several deadlines that need to be mentioned, being: November 1st to the PUC, March 1, 2022 to the TCEQ and July 2022 for implementation. The November 1st deadline is a list of critical infrastructure for the District's water and wastewater. The TCEQ is just for water. President Daniel would like Murfee Engineering to look at a plan for both water and wastewater, even though it is not required.

Mrs. Wyatt inquired if there were any further questions on the Long-Term District Improvements and Asset Management Plan as discussed previously. President Dennis Daniel entertained a motion. Motion was made by Terri Purdy and seconded by Ron Meyer to approve the Plan as submitted. The motion carried unanimously.

17. COST SHARING PROGRAM WITH THE LCRA

Evan Parker discussed the LCRA Cost Sharing program with the LCRA. The LCRA has extended the deadline to November 1st to submit the application. Mr. Parker is needing a few cost items in connection with the 210 conversion to include in the application. After discussion, President Dennis Daniel entertained a motion. Motion was made by Terri Purdy and seconded by Tom Rogers to authorize President Dennis Daniel to sign the LCRA Cost Sharing Application by November 1st. The motion carried unanimously.

18. REVIEW OF DISTRICT EASEMENTS AND LAND NECESSARY FOR DISTRICT OPERATIONS, CONVEYANCE OF PROPERTY TO REUNION RANCH HOA FROM DEVELOPER

Attorney Bill Flickinger discussed the Deeds conveying the common area to the HOA. Mr. Flickinger had a comment on one of the legal descriptions in the Deeds. Mike Moyer indicated

that he reported the change, and it has been corrected. Mr. Moyer will provide a copy of all the recorded Deeds for the District's records.

19. 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 inquired about silt fencing around the lowest pond. This silt fencing should have been removed already. Mike Moyer advised that he will take care of it. Mr. Meyer also reported that a builder in The Reserve, which is Frank Krasovec's section built a berm to redirect water to go into the pond. Manager Kristi Hester is working on this issue. The concern is possible flooding that this diversion could cause to homes near the pond. The pond was not built for additional flow from The Reserve.

20. 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 and Resident 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 informed the Board of the pre-planning public input meeting held by the LCRA if the Board is interested. She attached some information for review. President Dennis Daniel advised that the LCRA provides the water and the PUA treats the water.

In connection with the WWTP/ Collection system, the District's total flows were 1.45 MG, which averages 47,000 GPD. The plant is running at 94% capacity. Mrs. Hester reported on spill that occurred today. It was approximately 1,000 gallons and will be reported to the TCEQ.

The permit levels were in compliance for the month of August.

There was discussion of the grinder pump plans not being submitted to Inframark as required. Recently, there were two grinder pump agreements submitted with Heyl Homes. The grinder pumps are the District's responsibility.

Mrs. Hester discussed new items that will need to be done to prepare for winter weather. A lot of this is due to the winter storm that we received earlier this year. This preparation will begin in October.

In connection with the Water System, there are 523 active connections. There was 13 MG of water purchased for August. This reporting period showed a 9.3% water loss. There was discussion of checking for leaks if the accountability does not improve. Mrs. Hester will also add the annual running average on water accountability to the report. Mrs. Hester discussed the alleged violation from the TCEQ on not submitting the necessary data. The TCEQ will send a correction letter, as the District in fact provided that information. Mrs. Hester will provide the TCEQ letter to Attorney Bill Flickinger for the District's file.

The erosion control inspections will now be done weekly by Inframark for all construction, including pools.

21. EXPENDITURES, CONTRACTS, REPAIRS, REPLACEMENTS AND MAINTENANCE RELATED TO OPERATIONS AND MAINTENANCE REPORT IN ITEM 20 ABOVE

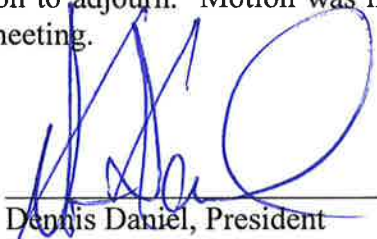
This item was not discussed.

22. 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; TCEQ NOTICE OF VIOLATION FOR COMPREHENSIVE COMPLIANCE DATED AUGUST 26, 2021

This item was discussed above in the Manager's Report. Attorney Bill Flickinger had nothing further to report.

23. ADJOURN

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



Dennis Daniel, President
Reunion Ranch WCID

ATTEST:



Ronald F. Meyer, Secretary
Reunion Ranch WCID

[SEAL]