

CYPRESS RANCH WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
Minutes of July 16, 2020

A regular meeting of the Board of Directors of Cypress Ranch Water Control and Improvement District No. 1, open to the public, was held outside the boundaries of the District, at the offices of Tiemann, Shahady & Hamala, PC, 102 N. Railroad Ave., Pflugerville, Texas 78660, at 1:00 p.m. on July 16, 2020, via video conference call and telephone conference call.

The roll was called of the members of the Board of Directors, to-wit:

Ronald den Hoed
Rick Shute
Jeanne Molinyawe
Tony Salinas
Richard Kenyon

All of said Directors were present, except Director Kenyon, thus constituting a quorum. Others in attendance included Jeff Monzingo, of Montoya & Monzingo, LLP; Hank Smith and Xavier Garza, of Atwell, LLC; Hal Lanham, Tammy Hargett, and Amanda Rodriguez of AWR Services, Inc.; Richard Hamala and Jonathan Cochran, of Tiemann, Shahady & Hamala, P.C; and Todd Nartner, of LBS. Members of the public present at the meeting included Mr. Brett Lanham.

1. Consider and take action regarding the minutes of the previous Board meeting.

Director Molinyawe made a motion to approve the minutes of the previous Board meeting; the motion was seconded by Director Shute, and unanimously carried by the Board.

2. Receive public comments; receive Director comments for future agenda items.

Mr. Brett Lanham addressed the Board and delivered a public statement regarding his termination from AWR. Mr. Lanham's statement is attached as Exhibit A. The public statement was met with a rebuttal from Mr. Hal Lanham. AWR has backup records for all the time that has been billed to any and all clients, including the District. Mr. Hal Lanham continued that AWR's number one priority is to provide safe drinking water and treated waste water that can be disposed of in a safe manner. The water is tested every day and testing of the wastewater once a week. Mr. Hamala added that if this issue is something the Board wishes to further explore it will need to put it on a future agenda. For this meeting, limit comments to if you wish to further explore this at a future meeting. Director Molinyawe said she is open to exploring the matter further at a future meeting. Director Shute said it's probably too early to express an opinion or decision; we need to get more information from all parties. Director Den Hoed agreed with Director Shute. Director Salinas said he is open to exploring the matter further; the District should gather data as related to those particular items from the parties. Mr. Hal Lanham added that if there is some specific data that Mr. Brett Lanham would like to submit that he thinks is incorrect, AWR will be happy to review it and be prepared to respond.

3. Receive report and take action as necessary regarding District mowing, greenbelt and landscape maintenance.

Mr. Narter addressed the Board. The LBS report stated that all mowing and landscape items are on schedule; Mr. Narter is here to see if there are any questions or issues. Director Salinas asked what Mr. Narter's opinion was on the dryness of the District greenbelt areas? He has a neighbor that had a little bit of a fire out back. Mr. Narter said he has not been out to the District in a few weeks, but will check with the crew; the crew has not reported any issues. Director Shute said it's pretty dry, especially with the water shortage. Director Molinyawe reiterated Director Shute's position, and said the fire that Director Salinas mentioned was caused by fireworks. Mr. Smith added that right now most of the common areas do not have irrigation on them; we do not have a way to irrigate most of the greenbelt areas currently.

Director Molinyawe said there is some confusion among residents because on one hand there are the watering restrictions and on the other hand there is the HOA passing out brown-lawn letters. Director Molinyawe added that we need to communicate with the HOA about sending brown-lawn related letters to residents, taking into account the watering restrictions. Director Shute agreed. Mr. Smith will follow up with Brian Moore at Goodwin Management regarding the high-water usage by the HOA and the brown lawn letters to residents. Director Salinas added that the HOA is trying to make a transition to resident-controlled HOA Board, but it is still Mr. Moore at Goodwin as the go-between person to contact.

4. Consider and take action regarding mowing additional tracts owned by the District.

Mr. Smith addressed the Board. At the June meeting the Board approved adding the pond in Phase 1, Section 6 to the District and adding it to the mowing schedule. Mr. Smith then went over the common areas that are mowed.

The Board considered adding two additional right-of-way areas to the District mowing map. One is at the end of Wild Foxglove and the other right-of-way area is behind the homes on Cypress Ranch Boulevard that back up to the connecting cul-de-sac of Rock Wren. Mr. Narter will provide a revised proposal to mow these additional right-of-way areas after the District map has been revised by Atwell. Atwell will revise the mowing map before the August Board meeting, and the additional mowing of right-of-way areas will be up for Board approval at the August Board meeting.

5. General Manager's report.

Mr. Lanham addressed the Board. 520 customers were billed in June. In regard to the wastewater system's treated effluent master control valve, and a second valve that brings that water back in from the fields: both of these valves are two decades old and operate every day; neither valve is working properly. They have had a lot of wear and tear. The bottom line to that is we need to replace those two valves because both are broken. AWR has replaced all of the solenoid valves in the fields and that didn't solve the problem. We currently have an open valve sending way too much treated wastewater into the drip fields, then causing the alarms to go off, and shutting down

the system, which is saying we are over-irrigating, and the water is returning back to the plant through an open valve, again letting all the water out of the system.

Primespec came out, and they propose to replace the valve that takes wastewater out to the fields for an amount of \$7,584.00 and replace the valve that brings water back to the wastewater treatment plant from the fields \$8,323.00, for a total cost of \$15,907.00. Mr. Lanham said he would consider this a normal maintenance item, though it is expensive. Director Molinyawe expressed hesitation over approving contractor maintenance without seeing a formal written proposal for the work. Mr. Lanham suggested allowing the Board President to approve the replacement of the valves in the interim between meetings after seeing the written proposal from Primespec. The Directors supported the proposal. Director Molinyawe made a motion to approve the Board President to review the formal proposal from Primespec for the replacement of valves at the wastewater treatment plant in an amount not to exceed \$15,907.00; the motion was seconded by Director Shute, and unanimously carried by the Board.

In regard to customer payments for utilities, no utilities are being shut off for non-payment right now due to the coronavirus pandemic. There is one customer that is 60 days past due on Agarito. AWR will reach out to this customer. There are eleven customers that are 30 days past due, which is not unusual. AWR has not had a lot of people who have not paid. Payment plans are extended to anyone struggling to make payments.

In regard to major items of importance, Director Molinyawe requested that the Board be informed before the IRIS alert goes out to all residents. Mr. Lanham said that before taking a serious action, such as going to Stage III watering restrictions, the first step is going to the Board President with the issue and the recommendation. Mr. Lanham suggests that if serious action needs to be taken, we email every Board member and put it in play: this is what's happening, we are going to talk to the Board President, and whatever action is decided, notify the Board of that action before the IRIS goes out. It would also give the Board the opportunity to object to some or all of the proposed action, or have another recommendation, the Board member can voice that opinion. Mr. Lanham will write out these procedures and bring them to the next Board meeting to review.

6. Receive report, consider and take action regarding water consumption in the District.

Mr. Lanham addressed the Board. We are currently in Stage III watering restrictions temporarily. Tank levels are improving since the recent water shortage. The front tank is up to 17.2 feet and still low in the back; AWR is hoping to get the front tank full and the back tank up. The tank got down to 7.5 feet. AWR had to make a significant water leak repair on Horsemint Trail, under a concrete driveway. Mr. Bamer said the leak was about 30 gallons per minute. AWR could not isolate the location, so the system was shut off, the repair made, and the system was placed back in service. The leak came shortly after AWR asked residents to conserve water.

Mr. Smith went over the production of each well in the District and referred to Excel charts. The District wells are historically very consistent with production. The watering schedule that determines which residents water on a particular day was laid out very carefully to allow the system to recover periodically throughout the week. Part of the problem is residents not adhering to the watering schedule and watering on days that are not their day or watering on multiple days. An

IRIS will go out and address the lifting of the Stage III watering restrictions and will include the watering schedule as a reminder to all when to water. Director Salinas suggested adding language that says we rely on the schedule to maintain efficient water operations; please help us by adhering to the schedule. Mr. Smith believes we should have full tank levels by the weekend. Mr. Lanham asked, if we achieve full tank levels in both tanks, we're ok to send the IRIS? Mr. Smith said yes, but we should wait until Monday at the earliest. The Board were ok with Monday as a target date to send the IRIS.

There was a contractor who was taking potable water from a hydrant instead of using the 210 treated wastewater, and Mr. Smith has been working on that issue. This contractor was told he could have about 25 thousand gallons of treated wastewater and we needed the remainder of that to maintain the median and keep the fields alive; he would need to get the rest of the water by hauling water in. The contractor decided not to do that, which is theft of water under state law. Director Shute asked why we can't put a meter with a passcode on the hydrants like they do in other neighborhoods undergoing construction. We have years of construction left, and this contractor is likely not the only one taking water and won't be the last. What if this keeps happening? Mr. Hamala said we can go to the sheriff and file a complaint for theft of services.

7. Receive report, consider and take action regarding electronic meters in the District.

Ms. Hargett addressed the Board. In this District where water is limited, it's very helpful to have an electronic meter to better keep an eye on water consumption. Ms. Targett referred to a current meter assessment handout on the Zoom screen. The current meters on hand are 506 meters, 431 of them are residential meters and the other 75 are residential Sola Vista meters. Of the 506 meters, 293 of them are mechanical, 213 are electronic. If we wanted to change out the 293 mechanical meters, we would need to stock up; we currently have 22 sitting on hand in inventory, so we would need to purchase 271 electronic meters at a District cost of about \$167,565.

Ms. Hargett proposed a three-year meter conversion program starting with 90 electronic meters in 2021, for a cost of \$55,649. Then another 90 in 2022, and another 91 in 2023. Mr. Lanham added that electronic meters are installed with all new construction. Further, if a leak adjustment is approved, an electronic meter will be installed, and the cost to the customer is \$75. The question now becomes, do we want to implement a full electronic meter system, and in doing so, do we want to do it over a three-year period or a five-year period. Director Molinyawe asked about the current and future price of the meters. Mr. Lanham said these prices are for current rates. The electronic meters keep going up in price each year.

Mr. Monzingo said there is money in the operating fund we could potentially use to be able to do this. Right now, we have 2.2 million in the operating fund, but we just got 826,613.00 from Lake Travis, so we would have to back that out, so \$1,470,000 in the operating funds. Of that, there is another \$494,000 for contractual capacity fees. If you back those out, actual operating cash available is \$979,000. Some of that will be used to finish up the three wells, one of which is the District's, which will come out of the 979,000. Director Shute added that it's also important to educate the homeowners because a lot of them do not understand how the electronic meters work so there is not a resistance factor. Director Shute is in favor of the three-year plan at around \$55,649 per year and be done with it; and if the cost of meters goes up every year, they will cost more on a

five-year plan. Director Salinas is fine with either plan, as long as we promote the value and benefits of electronic meters to the residents and educate them on why electronic meters are in everyone's best interest.

Ms. Hargett will look into the instructional and educational videos for electronic meters. Director Molinyawe added that when the electronic meters go in, we'll send the resident something in writing or an instructional video to watch; through AWR we can make sure every homeowner, including the past 20 people who got their electronic meter, are aware of Eye On Water, what it does, and how they sign up. Director Salinas added that for those who already have the electronic meters, and may have had them for a while now, we need to post information, links, and videos on the website about the electronic meters. Mr. Smith added that we will probably have some new costs associated with the new groundwater conservation district; they are going to charge up to \$1,000 per new connection and per gallon usage fee.

8. Consider and take action regarding facility operation and maintenance, utility service, billing, and collections.

No action.

9. Engineer's report.

Mr. Smith addressed the Board. The back well should be finished and connected around mid to late August. Therefore, in four weeks we should have four more wells connected, which will help address the water consumption issues. The remainder of the Engineer's report is discussed below.

10. Consider and take action as necessary to ratify and/or approve pay estimates and change orders for construction projects as recommended by the District's Engineer.

Mr. Smith addressed the Board. We have Change Order No. 2 from Liberty Civil Construction in the amount of \$37,974.20, which accounts for renting a generator, having it delivered to the site, and installing the temporary generator, and fuel for four weeks, at Well No. 16. If we want to go the extra step, we can bring a well online in the next few days with this change order, rather than waiting until late August. It won't slow down the four-week schedule, it will bring one of those wells online now. Mr. Smith suggested authorizing the Board President to make the call between now and the next meeting, should we need to bring a well online right away.

In regard to Phase 2-Section IV, construction is ongoing. The contractors are trying their best to keep the dust control down. The contractors think they need a hundred thousand gallons of water when they get ready to pave and bring in base material. We have never had a contractor ask for that amount of water. It is in their contract that they have to supply their own water and pay for it. They have to get it from a metered source from a metered fire hydrant.

Pay Application No. 3 from Liberty Civil Construction is pending in the amount of \$111,690.00 and this is for well construction of District Wells Nos. 16,17, and 20. The District will be paying this one. Of this, the District will pay a third and Lake Travis will pay two thirds.

In Phase 2-Section IV, we have Pay Application No. 2 from JKB in the amount of \$266,578.78, which the Developer will pay now, and the District approves.

The District also has two Change Orders to approve from JKB. Change Order No. One is for \$14,004.25 for adding dry rip rap to the water quality ponds, irrigation sleeves, rock level spreader, and an increase in payment performance bond. Change Order No. 2 is for \$3,004.40 for a storm sewer modification. The Developer will pay these now and the District will reimburse the Developer later through bonds.

Director Molinyawe made a motion to approve Change Order No. 2 from Liberty Civil Construction, in the amount of \$37,974.20, which accounts for renting a generator, having it delivered to the site, and installing the temporary generator, and fuel for four weeks, at Well No. 16, only if necessary, and with prior approval from the Board President; Pay Application No. 3 from Liberty Civil Construction in the amount of \$111,690.00, paid for by the District, for well construction of District Wells Nos. 16,17, and 20; Pay Application No. 2 from JKB in the amount of \$266,578.78, paid for by the Developer, for new home construction; Change Order No. One from JKB, in the amount of \$14,004.25, paid for by the Developer, for adding dry rip rap to the water quality ponds, irrigation sleeves, rock level spreader, and an increase in payment performance bond; and Change Order No. 2 from JKB, for \$3,004.40, paid for by the Developer, for a storm sewer modification; the motion was seconded by Director Shute, and unanimously carried by the Board.

11. Consider and take action regarding improvements for wastewater facilities.

No action.

12. Consider and take action as necessary to authorize permit applications, and trail, drainage, and facility maintenance and construction projects as recommended by the District's Engineer.

No action.

13. Receive a report from the District's Accountant and consider and act on approval of bills and invoices, ratification of payments, and funding of Manager's account.

Mr. Monzingo addressed the Board and discussed District accounts, expenses, payments made, and bills and invoices. Director Shute made a motion to approve the bills and invoices, ratification of payments, and funding of Manager's account; the motion was seconded by Director Molinyawe, and unanimously carried by the Board.

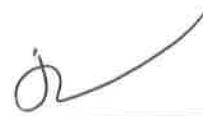
14. Discuss and adopt an Order Calling Directors Election to be held November 3, 2020.
15. Consider approval of contract with Travis County for Election Services and Joint Election Agreement for November 3, 2020 Directors Election.
16. Authorize Secretary's Appointment of Agent to Perform Duties During Election Period.
17. Authorize the District's attorney to give notice of election.

Mr. Hamala addressed the Board. We have two Directors up for re-election this November: Director Salinas and Director Molinyawe. The election information is available on the District website for any and all interested parties. If the election is uncontested, we will cancel the election at a future meeting. Director Molinyawe made a motion to adopt an Order Calling Directors Election to be held November 3, 2020; to approve of contract with Travis County for Election Services and Joint Election Agreement for November 3, 2020 Directors Election; to authorize a Secretary's Appointment of Agent to Perform Duties During Election Period; and to authorize the District's attorney to give notice of election; the motion was seconded by Director Shute, and unanimously carried by the Board.

18. Consider and take action regarding future meeting dates, and such other matters as may come before the Board.

The next meeting will be August 20, 2020. The meeting will likely be by ZOOM video due to the disaster declaration issued by the Texas governor.

APPROVED August 20, 2020



Joanne Molinyawe, Secretary

