

**CYPRESS RANCH WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1**  
**Minutes of September 17, 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 September 17, 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  
Joanne Molinyawe  
Tony Salinas  
Richard Kenyon

All of said Directors were present, except Director Salinas, thus constituting a quorum. Others in attendance included Jeff Monzingo, of Montoya & Monzingo, LLP; Hank Smith and Xavier Garza, of Atwell, LLC; Hal Lanham and Tammy Hargett of AWR Services, Inc.; Richard Hamala and Jonathan Cochran, of Tiemann, Shahady & Hamala, P.C; Todd Narter, of LBS; Garry Kimball of Specialized Public Finance; and Ashlee Martin of McCall Gibson Swedlund Barfoot PLLC.

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. The District plans to purchase Badger electronic meters for implementation in the District. Mr. Lanham believes his proposal for the same meters can provide the District a significant cost savings with the same Badger warranty and service. Mr. Lanham requested the Board place an agenda item on the October agenda to consider his proposal. Director Molinyawe asked, if there are issues with the meters, how would that work? Mr. Lanham said these meters are serviced through the same service department and warehouses as they would be through AWR. If AWR needed to address an issue with a meter that can be done; they go through the same RMA (return to manufacturer authorization) process. In essence, Mr. (Brett) Lanham would purchase the Badger meters at a cost savings of at least 25% and AWR would store them in the inventory and integrate them into the system at the appropriate time. Mr. (Hal) Lanham stated that AWR is a designated entity for purchasing Badger meters through the Badger meter representative; he doesn't believe Mr. (Brett) Lanham will be able to purchase them. Further, Mr. (Hal) Lanham stated that we don't want to buy meters from another entity and then have AWR integrate them into our system; we would want to purchase them ourselves and put them in. Mr. (Brett) Lanham replied by stating that he is an authorized representative and assured the Board that he can provide the meters to the District. An item will be placed on the October agenda to consider Mr. (Brett) Lanham's proposal.

3. Consider, discuss and take action to approve an audit engagement letter from McCall Gibson Swedlund Barfoot PLLC for the fiscal year ending September 30, 2020.

Ms. Martin addressed the Board. An engagement letter was included with the Board packet in regard to performing the audit for the year ended September 30, 2020. There have been no significant changes in audit requirements; therefore, McCall Gibson proposes a fee not to exceed \$11,500.00, the same as last year. Director Molinyawe made a motion to approve the audit engagement letter from McCall Gibson to perform the District's audit for the year ended September 30, 2020, for a fee not to exceed \$11,500.00; the motion was seconded by Director Shute, and unanimously carried by the Board.

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

Mr. Narter addressed the Board. We are currently on schedule with no issues to report.

5. Conduct a public hearing regarding the adoption of tax rates for 2020.

Director den Hoed opened the public hearing regarding the adoption of tax rates for 2020. Mr. Kimball addressed the Board. We are proposing no change in the District's tax rate from what was adopted in 2019. The total tax rate recommended is \$0.90; \$0.75 of which would be dedicated to debt service on bonds, which will leave \$0.15 for maintenance.

Mr. Monzingo addressed the Board and discussed the budget. \$1,200,000 goes into the debt service; \$257,000.00 goes into maintenance and operation. We are going into this next year with just over a million in debt service cash in the bank. With this budget we will actually spent \$379,000 more than what we bring in, but we are starting the year with about \$1,800,000 in cash in the bank, of which \$449,000 is reserved for contractual capacity fees. If the Board adopts the budget as presented, at the end of next year and revenue and expenses are as planned, we'll end the year with \$926,000 in operating cash. Director den Hoed closed the public hearing.

6. Consider, discuss, and take action as necessary to adopt the budget for the fiscal year beginning October 1, 2020.
7. Consider, discuss, and take action as necessary to set tax rates for 2020 and to approve an Order Setting 2020 Tax Rates and Levying Taxes.

Director Kenyon made a motion to adopt the budget for the fiscal year beginning October 1, 2020, as presented by Mr. Monzingo; to approve a tax rate of \$0.90 per \$100 of value for 2020; and to approve an Order Setting 2020 Tax Rates and Levying Taxes; the motion was seconded by Director Shute, and unanimously carried by the Board.

8. Review, approve, and authorize the filing of a revised district information form to reflect the adopted tax rates for 2020.

No action.

9. Adopt order cancelling and declaring the results of the director's election.

Director Kenyon made a motion to adopt an order cancelling and declaring the results of the directors election; the motion was seconded by Director Shute, and unanimously carried by the Board.

10. General Manager's report.

Mr. Lanham addressed the Board. A number of repairs have been made, most of which minor. One exception was the hydro tank in the water system. AWR responded to pressure failing and shut down the hydro tank, removed air, replaced a gasket and balanced the air. This hydro tank controls the pressure in the system. AWR worked with Central Texas Water Maintenance to install the new SCADA system on the computer at the water plant, a big upgrade to the system. The other big issue is in regard to the drip fields and master control valve. The new valve is on order, so for now, AWR is releasing the water manually into the fields.

AWR has ordered the electronic meters the Board authorized. They will arrive from Badger and AWR will place them in inventory; once inventoried AWR will place them in the warehouse. Work orders are then written to install the meters by serial number and placed at various locations and activated and integrated into the Badger system.

In regard to the pool contractor Dimension Pools, we have two locations (Rock Wren and Texas Bluebell) in the District where pools have been installed by trespass to District property. No deposits or revegetation plans were submitted by either the homeowners or Dimension Pools and there has been significant damage to the greenbelt. As far as next steps, Mr. Hamala said we can determine what it is going to cost to remediate the areas, and send a demand letter to the homeowners and contractor; if they don't pay, the District can bring litigation to the residents and pool contractor. Director Molinyawe asked if anyone has tried to call either these residents or the pool contractor. Mr. Hamala said he talked to the pool contractor, who said he didn't necessarily agree that he was trespassing on District-owned land. Mr. Hamala explained the process for accessing the greenbelt for swimming pool installation; therefore, we know that they know the process and made the choice to ignore it.

Director Molinyawe asked for Mr. Hamala to contact the residents. The pool contractor is a resident of Sola Vista. Mr. Lanham will provide the contact information for the residents. Mr. Lanham said another option may be to remediate the area and place that charge on their water bill and then turn off water if they don't pay. Mr. Hamala will give it some thought. The District has placed big rocks at entrances to the greenbelt to prevent vehicles and other heavy machinery from driving in; Dimension Pools picked those rocks up and moved them. Director Shute suggested we could place extra "no trespassing" signs in the greenbelt. In regard to the resident that installed a pool recently on Chipotle Pass, this resident has done everything correctly. Revegetation is in process and then the District will release the deposit once approved by the District Engineer.

Between meetings, Director Kenyon addressed meter covers that were partially left open by AWR field workers. At the last Board meeting, Director Shute had the same complaint (upside down covers). Mr. Lanham assured the Board that the employee has been counseled and it will not happen again. Director Molinyawe added that when AWR reads the meters to be sure and read it within the

billing date. Director Molinyawe has an invoice where the billing-dates were supposed to be from August 1-30<sup>th</sup>. However, AWR did not read the meter until the 2<sup>nd</sup> of September. Director Molinyawe always gets within 15,000 gallons; but because the read-date was late, she got 17,000 gallons and an extra \$40 in charges. When Director Molinyawe called AWR the employee had no explanation. Mr. Lanham said from the date AWR does a meter reading it takes a couple of days to close out the system; there are multiple reports to prepare. It takes about half a day to close out the billing system itself. Mr. Lanham will look into it to see if AWR can tighten up the close-out time.

In regard to sending information to residents for using and setting up electronic water meters, Director Molinyawe asked if AWR has completed this, based on discussions at the last meeting. Mr. Lanham said AWR will send out a letter right away. Director Molinyawe asked about the stolen water and if the District has received compensation yet from the company that stole it. Mr. Lanham said an invoice was sent to the company for approximately \$750 for the stolen water and the violations. Mr. Lanham said to give it thirty days for the company to comply. Mr. Lanham then received a response from the company that stole the water during the Board meeting. They will return the amount of stolen water and pay \$98.00 total. Mr. Smith said we can't accept their water because it's a different type of chlorine. Mr. Lanham suggested we avoid litigation for now and try to get as much money as we can. Director den Hoed made a motion to allow the General Manager to negotiate with the company and settle the unauthorized water use claim; the motion was seconded by Director Shute, and unanimously carried by the Board.

In regard to remediation of some drainage issues that have been occurring near the Wild Foxglove houses, District Counsel has put together a license agreement for Highland Homes to come in and access at the end of Wild Foxglove next to one of Director Shute's homes. Highland Homes will go behind four houses and put in some drainage improvements. It's a vacant area they would be accessing. Mr. Hamala has been working with Steve Miller at Highland Homes and they have hired Lee Engineering to put together an erosion control and revegetation plan that will be submitted to Atwell. They are in the process; no work has been started.

11. Receive update regarding HOA brown lawn letters to District residents.

Director Kenyon addressed the Board. He spoke to Goodwin Management and they are not going to send any letters.

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

Mr. Lanham addressed the Board. 527 customers were billed during August 2020; sixteen door hangers were delivered to customers; and 93 residents were considered "high water users" (above 20,000 gallons) and mailed notices.

13. Engineer's report.

Mr. Smith addressed the Board. The utility work for the wells is complete. Electricity is available for well no. 16, but not well no. 17 and well no. 20 due to a destroyed electrical ground box. The solution is ongoing. Bacterial and Radionuclide testing is complete for well no. 16, but not well no. 17 and

well no. 20. A TCEQ application will be submitted once the data for well no. 17 and well no. 20 is available. Director Shute said there have been residents using ATV's and other motorized vehicles at the end of Cypress Ranch Blvd. There is only movable temporary barricades there right now. Can we put something there that's more permanent that will prevent unauthorized access? Mr. Smith said the gates were taken down for the well work, which is why people have been able to access that land. Both of those pipe gates are going back up again and will be locked.

Water levels in the storage tanks have stabilized with the recent rains and the wells have recovered. We are ready to begin the second half of the well road maintenance. Liberty is finished with their work so we are ready to undertake phase 2. The proposal is for \$71,933.25. In Phase 2-4, construction is ongoing. The work is scheduled to be completed on November 1, 2020. In Phase 2-5, design is ongoing for lift station improvements.

Mr. Garza addressed the Board: In regard to money budgeted for well inspections, the District will budget \$50,000 a year to test and inspect the wells. The District has further budgeted an additional \$150,000 for any necessary repairs or rehabilitation that need to be made after inspections determine a repair needs to be made, at the Boards discretion. \$50,000 is the commitment; the other \$150,000 is up to the Board's discretion to use to make any recommended repairs. The Board could use all of it, some of it, or none at all, Mr. Garza said. Director Molinyawe asked that before any inspections or work is done, can we have a discussion about it. Mr. Smith said yes. Additionally, if after inspection it is determined that a well is failing and isn't worth the rehab effort, we could use the money to build a new replacement well.

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

Mr. Smith addressed the Board. The new WWTP is progressing. The engineer has finished the design and has been submitted to TCEQ for review. We are on schedule to award a bid for construction by the end of the year.

15. Consider and take action to approve a Resolution Approving Application to Texas Commission on Environmental Quality for Extension of Time to Sell Bonds.

Director Molinyawe made a motion to approve a Resolution Approving Application to Texas Commission on Environmental Quality for Extension of Time to Sell Bonds; the motion was seconded by Director Kenyon, and unanimously carried by the Board.

16. Consider and take action as necessary to ratify and/or approve pay estimates and change orders for construction projects and to authorize permit applications, and trail, drainage, and facility maintenance and construction projects as recommended by the District's Engineer.

Director Molinyawe made a motion to approve a proposal from Holman Services for Phase 2 of the well road maintenance work in the amount of \$71,933.25; to approve Pay Application No. 5 from Liberty Construction for District wells in the amount of \$285,803.12; and to approve Pay Application No. 4 from Pulte Homes for construction in Phase 2, Section 4, in the amount of \$414,361.46, (to be for by the developer now and reimbursed out of a bond issue); the motion was seconded by Director Kenyon, and unanimously carried by the Board.

17. 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 transfers of funds, bills, invoices, debt service, budget vs. actual, revenues, capital projects funds, water revenue, and property taxes. Director Kenyon made a motion to approve bills and invoices, ratification of payments, and funding of Manager's account; the motion was seconded by Director den Hoed, 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 regular meeting will be on October 15, 2020. Likely by Zoom video conference.

19. Adjournment.

Director Molinyawe made a motion to adjourn the meeting; the motion was seconded by Director Shute, and unanimously carried by the Board.

APPROVED October 15, 2020



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Joanne Molinyawe, Secretary

