

**CYPRESS RANCH WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1**  
**Minutes of June 17, 2021**

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 May 27, 2021, 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 of Atwell, LLC; Hal Lanham, and Tammy Hargett AWR Services, Inc.; Richard Hamala and Jonathan Cochran, of Tiemann, Shahady & Hamala, P.C; Todd Narter of LBS; Garry Kimball, of Specialized Public Finance; Ashlee Martin, of McCall Gibson Swedlund Barfoot PLLC, and Clayton Chandler, of McCall Parkhurst & Horton, LLC. Members of the public included Brad Sullivan, Brett Denny, and Marcos de la Monja.

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

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

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

Mr. Brett Denny, fireman and resident of West Cypress Hills, addressed the Board to discuss fire mitigation. This year is specifically dangerous because of the freeze, which killed a lot of the vegetation. We've also had a lot of rain lately, perpetuating new growth. The number one thing Mr. Denny suggested doing is clearing out the dead vegetation from the freeze, then creating fire breaks once the clearing is complete. The District's facilities are most at risk because protecting them is not the top priority. Mr. Denny suggested reaching out to the Pedernales Fire Department, who can provide guidance on where to clear vegetation and install fire breaks. The Board agreed to form a fire mitigation subcommittee consisting of Director Molinyawe and Director Shute. The first step is to contact the PFD and coordinate a meeting time inside the District with the subcommittee and the PFD personnel. We'll have an item on the July agenda to discuss and take action on fire mitigation.

Director Molinyawe asked Mr. Monzingo how much the District can spend on fire mitigation. Mr. Monzingo said it's been a while since we had a budget line item for fire mitigation, but we do have a maintenance reserve with \$215,000 on hand. The Board directed AWR and LBS to work with the sub-committee and the PFD on specific recommendations and costs.

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

Mr. Narter addressed the Board. There is an irrigation leak behind the WWTP. As a result, LBS has been unable to mow in that area. Mr. Bamer at AWR is aware of the leak. Mr. Lanham said we've had some issues with the computer system that distributes 210-water to the irrigation fields. regard to the pond at the north end of Verbena Parkway, someone is damming up the irrigation pipes with rocks. Mr. Narter said this is an ongoing issue and the on-site crew removes the rocks each time. Director Molinyawe will make a post about this and LBS will continue to remove the rocks.

4. Consider, discuss, and take action as necessary to hire an auditor for preparation of the District's audit report for the fiscal year ending September 30, 2021.

Ms. Martin addressed the Board. The annual audit is required by TCEQ; the engagement letter prepared for the Board will allow McCall Gibson Swedlund Barfoot PLLC to perform the annual audit, prepare the audit report, and submit the report to TCEQ. The fee not to exceed \$12,000 remains the same as last year. Director Molinyawe made a motion to approve and hire McCall Gibson Swedlund Barfoot PLLC for preparation of the District's audit report for the fiscal year ending September 30, 2021; the motion was seconded by Director Kenyon, and unanimously carried by the Board.

5. Receive bids and authorize the sale of the District's \$4,100,000 Unlimited Tax Bonds, Series 2021.

Mr. Kimball addressed the Board. The bids were received this morning. Huntington Securities, Inc. submitted the low bid with a net interest cost of 2.344723%, which is an excellent rate. Mr. Kimball strongly recommends accepting the bid from Huntington Securities, Inc. Director Kenyon made a motion to accept the bid from Hunting Securities, Inc. and to authorize the sale of the District's \$4,100,000 Unlimited Tax Bonds, Series 2021; the motion was seconded by Director Shute, and unanimously carried by the Board.

6. Consider and approve a Resolution Authorizing the Issuance of \$4,100,000 Unlimited Tax Bonds, Series 2021; Prescribing the Terms and Provisions thereof; Making Provision for the Payment of the Interest thereon and the Principal thereof; Levying and Pledging the Proceeds of a Tax; Authorizing the Sale of the Bonds; Authorizing a Paying Agent/Registrar Agreement; and Containing Other Provisions Relating to the Subject.

Mr. Chandler addressed the Board. This resolution is the authorization document that authorizes the issuance of the bonds under Texas state law and Texas Constitution. This document becomes the contract between the District and the bond holder that says the District will pay back the bonds. The most important thing in the resolution is the interest rates and amortization schedule, which has been reviewed by the financial advisor. The executed resolution will be submitted to the Attorney General within 30 days. Director Molinyawe made a motion to approve a Resolution Authorizing the Issuance of \$4,100,000 Unlimited Tax Bonds, Series 2021; Prescribing the Terms

and Provisions thereof; Making Provision for the Payment of the Interest thereon and the Principal thereof; Levying and Pledging the Proceeds of a Tax; Authorizing the Sale of the Bonds; Authorizing a Paying Agent/Registrar Agreement; and Containing Other Provisions Relating to the Subject; the motion was seconded by Director Shute, and unanimously carried by the Board.

Director Molinyawe asked what we are allowed to use the bonds for, other than the WWTP. Mr. Hamala said we'll first get the bond money and put it in the bank. Then we'll build the new WWTP and pay for it. When that's done the Board can consider whether to reimburse the District or reimburse the developer. Mr. Monzingo agreed: the plant is the priority and there might be unforeseen expenses related to that, such as change orders. Ms. Martin said that the money has been earmarked for the WWTP. If we want to use the remainder to reimburse the developer we will need to submit an application to TCEQ to use "surplus funds" and there will be a reimbursement audit in connection with any developer reimbursement. Mr. Chandler said he would like to see the bond proceeds spent within three years, preferably.

#### 7. General Manager's report.

Mr. Lanham addressed the Board. In regard to the wastewater system, AWR replaced diaphragms at zones 7,8, and 9 in the drip fields. Additionally, AWR responded to an after-hours alarm at the Coral Bean lift station. There was no power, but the generator was running. The outage was reported to PEC and they replaced the transformer and got power restored.

Ms. Hargett addressed the Board. AWR sent personnel out to resident homes with grinder pumps to apply stickers to the grinder pumps. The stickers say what to do in the event of an emergency. A flyer was also included to these residents with what may and may not be flushed.

Director Molinyawe discussed an area in the cul-de-sac of Verbena. A pool contractor is tearing up land in this area. When are we going to make them repair the land that was disturbed? Mr. Smith said he will have to reach out to this pool contractor to make repairs and restore vegetation for any land owned by the District. Director Kenyon added that they also need to clean up the surrounding street area because the construction has caused a lot of debris to move into the street area as well.

#### 8. Receive report and take action as necessary regarding rehabilitation or replacement of existing wells.

Mr. Smith addressed the Board. In regard to Well No. 4, the well pump was pulled and a down-hole camera was inserted into the well. Results indicate that there isn't enough integrity in the stainless-steel well casing to hold together if they try and clean it. It will probably fall apart. This well cannot be rehabilitated. Mr. Smith recommends putting a new pump in there for now to operate throughout the summer, and drill new wells at locations 4 and 5. If we start the process now for the permitting, we can have the two wells dug this fall and have them operational by next spring. They should cost about \$125,000 each. Mr. Lanham added that because wells already exist at these sites, it will cost significantly less to drill two new wells right next to these existing wells because we have the piping and electrical connections that are already there. These were very high-producing wells. Mr. Smith said doing both wells at once will save a lot of money because the drill

rig and crew will already be out there. Mr. Monzingo said for well inspection and rehabilitation we budgeted \$200,000. Mr. Hamala added that we wouldn't start drilling until the next budget year. Director Molinyawe made a motion to approve a new pump for District Well No. 4 now, and to authorize Atwell to proceed with permitting from TCEQ, to prepare construction plans and engineering to dig two new wells at sites 4 and 5; the motion was seconded by Director Shute, and unanimously carried by the Board.

9. Receive report and take action regarding electronic meters.

Ms. Hargett addressed the Board. In regard to electronic meters, AWR has installed 22 new electronic meters on Coyote Cave Trail and replaced 38 mechanical meters with electronic meters. In regard to the master meter, it was repaired on June 10, 2021, and is now operating properly, which will allow AWR to accurately report water loss. We were having communication issues with some of the mechanical meters with the older endpoints. After working with Badger, we learned that the people who manage the cellular tower dialed down the frequency, which caused the older models to stop reporting. Badger got them to turn the frequency back up; all but six are fully functional again. Additionally, Director Molinyawe asked for a cost for electronic meters at the school and Colinas Office Park for the next meeting.

10. Receive report and take action regarding online discussion board.

Mr. Hamala addressed the Board. It looks like there is software that exists that is open-access. The City of Austin uses an open-access software. Ms. Hargett said the District's website manager is not familiar with the software that Mr. Hamala mentioned. We might want to consider creating a separate domain and attach it to the District's website for the online discussion board, rather than an overhaul on our existing website. Ms. Hargett did not have pricing in time for the meeting, but is working to get that information. If we go that route, we will need to hire a consultant to set it up.

11. Receive reports and take action regarding solutions and plans of action for emergency situations.

Mr. Lanham addressed the Board. At the last meeting AWR presented what they think is pretty close to the final form of the document for emergency planning. It includes various types of disasters and what actions to take. Mr. Lanham said at some point we would like the Board to approve a final version, which will be our blueprint in the event of another disaster. In regard to covers and sheds for the District facilities, Director Shute addressed the Board. Director Shute recommends Tough Sheds, which are good for 25-30 years. We can get them in various sizes to fit over our facility assets. They will bolt to the concrete. The sheds are brought in pieces and put together on-site. We can add insulation, extra vents in the roof, and HVAC if needed. The quote Director Shute got was about \$2,500 to \$3,000. Mr. Smith will look into the sheds and come back with a recommendation.

12. Consider and take action to amend the District's Grinder Pump Rules.

Mr. Cochran addressed the Board. The essence of the amendments made to the Grinder Pump Rules relate to what happens when we have a broken grinder pump. AWR will replace it with the 240-volt or 110-volt, based on the option that is best for the customer. Director Molinyawe made a motion to amend the District's Grinder Pump Rules as presented at the meeting; the motion was seconded by Director Shute, and unanimously carried by the Board.

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

No action.

14. Engineer's report.

Mr. Smith addressed the Board. In regard to TCEQ's notice of violation for well capacity deficiency, reported capacities added to 367 GPM with 511 connections. 307 GPM is needed to be in compliance. With Well No. 16 producing 16 GPM, Well No. 17 producing 22 GPM, and Well No. 20 producing 42 GPM, we are at 367 GPM. The rest of the Engineer's report is covered in the agenda items below.

15. Receive bids; consider and take action to award a contract for the wastewater treatment plant expansion project.

Mr. Smith addressed the Board. We opened bids for the new WWTP. We received three bids: two were for the BioDAF plant design; one for the traditional plant design. The low bid was from BD Water in the amount of \$2,220,907.00. Mr. Smith recommended choosing BD Water as the contractor for the WWTP expansion project. This option will save over a quarter million from the next lowest bidder, who would build the WWTP with the traditional gravity clarifier. Mr. Smith said that the only difference in the two designs is the clarifier (DAF clarifier vs. traditional gravity clarifier). Director Molinyawe said we had discussed getting a letter of credit in case it does not work out. Mr. Smith said will give us a payment and performance bond for the full amount of the bid.

Mr. Lanham stated that he wanted to be sure that the Board understands that there are no BioDAF clarifiers operating the US, and that the District will be the first domestic wastewater plant to use the technology, possibly the second. Mr. Lanham added that he is concerned that if the clarifier fails to perform, the District will be faced with replacing it and that the residents may criticize the Board for selecting a first time technology for a saving of only \$250,000. In view of the fact that resident's funds are being used, a more conservative action would be to pay the additional \$250,000 and get proven technology. Mr. Lanham went on to say that in the event the Board selects the BioDAF option, there would need to be approximately \$500,000 escrowed in the form of an irrevocable letter of credit to pay for the removal of the BioDAF clarifier and constructing a standard clarifier.

Mr. Hamala said that the payment and performance bonds extend through the warranty period. In Mr. Hamala's experience, bonding companies don't pay until you sue them; it requires litigation.

They take in premiums but they do not voluntarily pay them out. What we need to rely on is the ability of the contractor to make the plant work under their performance warranty; if they can make good on the two-year warranty. The bids are good for 90 days. Consultants will work with BD Water to see if we can agree on a \$500,000 letter of irrevocable credit to have in the bank, if the Board decided to go the BioDAF route. This item was tabled until the next Board meeting.

16. Receive bids, consider and take action to approve the award of a contract for West Cypress Hills Phase Two, Section Five utility improvements.

Mr. Smith addressed the Board. In regard to West Cypress Hills Phase 2 Section 5, bids opened last week and our recommendation is to award the bid to the second low bidder Joe Bland Construction. The low bidder was Liberty Civil Construction. The bids were extremely close, and Pulte has a good working relationship with Joe Bland Construction and that is their preference. This is all paid for by the builder. Director Molinyawe made a motion to approve the award of a contract for West Cypress Hills Phase Two, Section Five utility improvements in the amount of \$3,208,999.00 to Joe Bland Construction; the motion was seconded by Director Kenyon, and unanimously carried by the Board.

17. Consider and discuss water rates and tiered charges.

Mr. Smith addressed the Board. What we looked at in the rate sub-committee meeting was several different ways to adjust the rates, while still being able to meet our budget goals. We also tried to reduce some of the punitive charges in the upper tiers. What we came up with is an increase in the base rate to \$45, and making the first 3,000 gallons of water free. The in-District water rates are proposed as follows:

Volume Charges	
Monthly Usage	Rate
0 – 3,000 gallons	\$0.00 per 1,000 gallons
3,001 - 10,000 gallons	\$2.50 per 1,000 gallons
10,001 - 15,000 gallons	\$4.50 per 1,000 gallons
15,001 – 20,000 gallons	\$13.50 per 1,000 gallons
20,001 – 30,000 gallons	\$27.00 per 1,000 gallons
30,001 – 40,000 gallons	\$50.00 per 1,000 gallons
Above 40,000 gallons	\$69.00 per 1,000 gallons

For the out-of-District base rate we propose to increase to \$160, and making the first 3,000 gallons of water free. The out-of-District water rates are proposed as follows:

Volume Charges	
Monthly Usage	Rate
0 - 3,000 gallons	\$0.00 per 1,000 gallons
3,001 - 10,000 gallons	\$3.50 per 1,000 gallons
10,001 - 15,000 gallons	\$5.50 per 1,000 gallons
15,001 – 20,000 gallons	\$14.50 per 1,000 gallons
20,001 – 30,000 gallons	\$28.00 per 1,000 gallons
30,001 – 40,000 gallons	\$51.00 per 1,000 gallons

Above 40,000 gallons                      \$70.00 per 1,000 gallons

18. Consider and take action to amend the District's rules and rates for services provided by the District and to publish notice of amendment of the District's rules and rates.

The Board concurred on the proposed new water rates and fee schedule. Director Molinyawe made a motion to amend the District's rules and rates for services provided by the District, as presented in the amended rate and fee schedule; to publish notice of amendment of the District's rules and rates; and have the new rates take effect August 1, 2021; the motion was seconded by Director Kenyon, and unanimously carried by the Board.

19. 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.

No action.

20. Consider and take action regarding the annual review of the District's investment policy.

Director Molinyawe made a motion to approve the District's investment policy; the motion was seconded by Director Shute, and unanimously carried by the Board.

21. 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 the District's invoices, bills, and financial accounts. Director Shute made a motion to approve the payment of bills and invoices, ratification of payments, and funding of Manager's account; the motion was seconded by Director Kenyon, and unanimously carried by the Board.

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

The next meeting will be on July 15, 2021.

23. Adjournment.

APPROVED July 15, 2021

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Joanne Molinyawe, Secretary