

CYPRESS RANCH WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
Minutes of August 19, 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 Atwell, LLC, 805 Las Cimas Parkway Building 3, Ste 310, Austin, Texas 78746, at 1:00 p.m. on August 19, 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 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; Garry Kimball, of Specialized Public Finance; Todd Narter of LBS; and Heather Gonzales, of the Texas A&M Forest Service. Members of the public included Marcos de la Monja and Joe Gaines.

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 den Hoed, and unanimously carried by the Board.

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

None.

3. Firewise and wildfire prevention presentation.

Ms. Gonzales addressed the Board to discuss wildfire prevention and the Firewise program. The Wildland Urban Interface (WUI) is a zone of transition between wildland and human development. Ms. Gonzales said that we're seeing a lot more people leaving urban environments and moving into more rural environments. Many people do not know of the hazards and risks that are innate in living within a WUI zone. A PDF of the Firewise and wildfire prevention presentation is attached to the minutes as Exhibit A, and Ms. Gonzales's full report may be listened to in its entirety at <https://cypressranchwcid.org/fire-wise>.

4. Receive report and take action regarding fire mitigation solutions.

Director Molinyawe addressed the Board. We want to try and come up with some ideas and plans with the budget that we have. We can form a committee and work with the HOA. Director Shute agreed and said he would join the committee, as this is one of the most valuable and important

objectives we can do to protect our community. Ms. Gonzales added that the Forest Service can come in and do the assessment. When the assessment is conducted, they will note areas of structure ignitability, construction issues, vegetation issues, access egress routes, capacity of the local fire department, response times, etc. Then the District can develop an action plan. Director Molinyawe said most residents want the District to maintain their green spaces behind homes, and is meeting with Mr. Narter on greenbelt clean-up costs and a District walk-through. Director Shute will set up a meeting with Joe Gaines. The subcommittee will put a plan together and come back to the Board at a future meeting with recommendations, then reach out to Ms. Gonzales regarding the assessment.

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

Mr. Narter addressed the Board. LBS has mowed the green space behind five homes in WCH so far. Mr. Narter is having a hard time coming up with a set quote because of those five, only one was flat and unobstructed. The area behind homes isn't designed or graded to be maintained in the same way other areas in the District are. There are rocks, drop offs, etc. Mr. Narter is going to walk the District with Director Molinyawe on Monday to look at these areas. Currently, LBS is a number of days behind schedule, but should get caught up over the next week or two. They did clean the perimeter of the WWTP, which was one of the fire-prevention items that was approved at the July Board meeting. LBS will be clearing the WTP within the next week.

In regard to the brush pick-up, LBS was approved for up to five days. Towards the end of the week it became clear they wouldn't finish in five days. So far, LBS has done 6.5 days, with about two more days of work left. In terms of how it went, it was very well-received by the residents. The two problems they ran into were that they had to backtrack as people put items out last minute, and people were putting out entire trees that didn't fit into the wood chipper. Those LBS had to cut up, put on a trailer, and haul away. Mr. Salinas asked if we're looking at approving additional brush pick-up days. LBS will do additional days for \$1,800 per day. Director Shute drove through the neighborhood recently and said there were eleven piles out there; maybe four to six hours of work. Director Kenyon proposed giving LBS the two days to have time for clean-up as well. Director Molinyawe made a motion to approve up to two additional days of brush pick-up at \$1,800.00 per day; the motion was seconded by Director Kenyon, and unanimously carried by the Board. Between meetings, Director Salinas authorized additional brush pick-up. Director Molinyawe made a motion to retroactively ratify Director Salinas' action regarding additional brush pick-up; the motion was seconded by Director Kenyon, and unanimously carried by the Board.

6. Consider and take action regarding mowing areas around Wild Foxglove.

Mr. Narter addressed the Board. Ms. Hargett had sent some requests regarding areas to mow on Wild Foxglove. Maps of the area were utilized during the Board meeting to see specific locations. Director Shute said these specific areas used to be taken care of up until a little while ago. A neighbor is cutting the strip in front of the lot across the street. These areas were cut for years by LBS and now they are not. Director Molinyawe said this area is on the mowing map and mowing is 20 to 100 feet, where appropriate. Mr. Narter will take a look at this and go back as far as practical, up to 100 feet.

7. Consider and take action regarding a preliminary budget for fiscal year 2021-2022.

Mr. Monzingo addressed the Board. The taxable value is \$193,000,000 this next year. Mr. Kimball has run the numbers on what he needs in the debt service fund to be able to pay our future debt as it becomes due. He has calculated \$0.7388 for the debt and \$0.1484 for the operations and maintenance, which totals \$0.8870 overall. At a 98% collection rate, that gives us \$1,397,000 in the debt service fund, and \$280,000 into the operating fund. This budget is preliminary; we will adopt the budget and tax rate at the September Board meeting. We will start the new fiscal year with \$1,100,000 already in the debt service fund.

In regard to the operating budget, there is nothing currently in there for freeze preparation. Mr. Monzingo suggested adding \$50,000 for freeze preparation. Mr. Smith added that we have \$200,000 in the budget to replace the two wells that are not performing as they once were. We also have two wells dug in the back of the District that are not hooked up. If we get the two wells in the front online, we won't need to connect the two wells in the back. In the next few years, we'll need to hook up the wells in the back, but not right now. Engineering for the new WWTP has also been removed from the budget since engineering design is complete. We can also add WWTP construction and fire mitigation to the budget. Even without those three items in there, we are showing about \$10,000 more in spending than we are bringing in. The good news is that we have a lot of money in the bank. In operating cash, we have \$1,600,000 in the bank, of which, about a million is unassigned. We have \$215,000 in the bank designated for maintenance. We're in good shape. Mr. Monzingo and Director Kenyon will meet by phone as a sub-committee before the September meeting to discuss the budget.

8. Consider and take action to propose a tax rate for tax year 2021, and to schedule and authorize notice of a public hearing on a proposed tax rate for tax year 2021.

Mr. Kimball addressed the Board. We have to run all of the values reported by TCAD through the Comptroller's office. When we do that, our highest allowable maintenance tax rate is right where we've suggested the District set it. Otherwise, we're opening the door to a potential tax rate election, where the voters in the District can roll the tax rate back to exactly the rate we are proposing. We could adopt the same rate as last year, but we risk an expensive tax rate election if we do. Average home value went up over 9%. The District is classified as a "developing" district by statute, so we're allowed up to an 8% increase in the average tax bill and that is the reason why we're proposing the tax rate that we are. It's to keep the District below the rollback threshold. While it doesn't fully fund the proposed operating budget, we are very well reserved for purposes of going to the bond market. Director Kenyon made a motion to propose a tax rate of \$0.8870 per \$100 of assessed value for tax year 2021, and the schedule and authorize notice of a public hearing on a proposed tax rate for tax year 2021 on September 16, 2021, at 12:00 p.m. at offices of Atwell, LLC; the motion was seconded by Director Molinyawe, and unanimously carried by the Board.

9. General Manager's report.

Mr. Lanham addressed the Board. In regard to the water system, we lost the PLC, the master control computer. This was probably due to a lightning strike. The system was operated manually until the master control computer replacement parts were replaced.

Ms. Hargett addressed the Board. We have account write-offs to address. There are three, and all three are over two years old. All three total \$558.34 and none have valid forwarding addresses. Director Molinyawe asked why we don't do collections. Mr. Lanham said we can send it to a collection agency, but the collection agency takes 50%, plus factor in the administrative time of AWR, so it's not really worth it. Additionally, during Covid, we suspended the disconnection of delinquent accounts. The Board discussed, and agreed to return to normal protocol. Accounts may be disconnected for non-payment. Director Kenyon made a motion to approve the three write-offs that total \$558.34, and to resume standard protocol for delinquent accounts; the motion was seconded by Director Molinyawe, and unanimously carried by the Board.

10. Receive report and take action regarding electronic meters.

Mr. Lanham addressed the Board. In regard to commercial meters, the Board had asked AWR to get the commercial meters to where we have monitoring on them, especially for leak alerts. We've made progress. We have three commercial accounts: Angel's Icehouse already has an electronic meter, so we're in good shape there. The two other commercial meters are at the school and the office park. It looks like we'll be able to get endpoints on these meters. It looks like they are compatible with electronic monitoring and leak alerts. For less than \$1,000 per meter, we should be able to get these on the system.

11. Receive report and take action regarding implementation of an online discussion board.

Mr. Hargett addressed the Board. At the last meeting we discussed to options for an open-forum discussion board that will allow the Directors to message back and forth with public access to view the discussions. For \$350.00 we can get Austin Web Design to create a separate domain and load the open forum, and we can take that link and plug it in to the current District website. Under the other option, we can revamp the existing District website to a newer platform and imbed the open forum within it, for \$2,000.00. We currently spend about \$1,460.00 a year, however, with the AWR contract, AWR is paying \$1,200.00 of the \$1,460.00. The District is therefore paying less than \$300.00 a year for the website. Directors discussed, and agreed that the plug-in option provided by Austin Web Design would be best for the needs of the District. Director Molinyawe made a motion to approve the \$350.00 plug-in option for an online discussion board; the motion was seconded by Director Shute, and unanimously carried by the Board.

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

Mr. Lanham addressed the Board. In regard to tap fees, at the last meeting AWR provided a survey of tap fees from other regional utilities; ours have not been updates in several years. One change that needs to be made is the cost of the electronic meters. We need to a \$667.00 cost when a new home goes in, to pay for the electronic meter. The fees the District charges, which is revenue to the District, needs to go up as well. It's currently \$100.00 for water and \$100.00 for sewer. AWR recommends raising it to \$400.00. This would make the total water tap fee \$2,907.00. On the wastewater side, AWR recommends changing the District fee from \$100.00 to \$400.00. Additionally, the grinder pump systems have gotten better and more expensive. These only go in for certain homes in the District. The new grinder pump system is \$3,450.00 and \$1,750.00 to

install. This is all paid for by the builder. The wastewater tap fee with grinder pump is \$5,600.00; the wastewater tap fee without a grinder pump is \$2,150.00. These fees are in the realm of normal tap fees in the area. If approved, the rate order would have to be amended and legal notice published in the newspaper. Director Molinyawe made a motion to approve the amended tap fees, as presented; to take effect October 1, 2021, and to publish notice of the amended tap fees in the newspaper; the motion was seconded by Director Kenyon, and unanimously carried by the Board.

13. Engineer's report.

Mr. Smith addressed the Board. Not much has changed since the last meeting. We don't have any construction ongoing and we're waiting on the construction of the WWTP. Phase 2, Section 4 is still not ready for acceptance by the District. In Phase 2, Section 5, the permits are being issued and we'll have an erosion control pre-con next week. 2-5 will be under construction of 80 lots, and we'll follow that up with 2-6. We are also working on a detailed freeze protection plan. In regard to the two wells that we're digging next to the existing two wells, those will be completed in the springtime and ready before summer.

14. Receive report regarding wastewater plant operations; consider and take action to award a contract for the wastewater treatment plant expansion project.

Mr. Lanham addressed the Board. In regard to BioDAF, AWR sent a representative down to Cabo San Lucas to see a working BioDAF plant and how it's operated and permitted. There are three plants down there; we saw all three plants. Their permits are very similar to what we have here. They do daily testing on the plants. As far as chemicals, they are very similar. The general report is that the plants were well-maintained and functioned well. None of these plants have PLC's on them – computer controls. Two of the plants have two shifts of people on duty 15 hours a day; on the other one they have 24-hour human operations.

For us to get down to 210 water, we'll have to have filtration. They don't have that at any of their plants there, but it's the same filtration we would use on a conventional plant or a BioDAF plant. Mexico doesn't have the same requirements there for soil sampling for disposal of wastewater that we have here. The BioDAF plants have a different type of aerator: we have blowers; they have independent aerators that can be adjusted manually. What we don't have, but want to review, are the BioDAF monthly data effluent reports. BD Water says they have them and we made a request for twelve months of reports.

The Mexico BioDAF plants use a drying press for sludge. It's dried into cakes and taken to a landfill. In our plans we have a filter press. What would happen is that the sludge will be pumped out into a hauling truck. AWR didn't find anything to say this plant will not meet state requirements in the state of Texas. We do need to see the actual reports of the plants. BD Water is working on getting us those.

Mr. Hamala addressed the Board. The bids are good until September 6, 2021, to accept. With BD Water, we can extend the bid for \$111,000. Mr. Hamala said it makes sense to make a decision within our 90-day window. If not, we can have a special meeting to take action before September 6th. Director Salinas asked, with the BioDAF option, are there any supply chain constraints that

we know of. Mr. Lanham said not currently. Director Salinas asked if AWR has the technical knowhow to service this type of plant effectively. Mr. Lanham said the BioDAF people in Mexico are going to train our staff here; our operator did not feel like it would be difficult to operate the plant. Extra chemicals may be required, but it shouldn't be much increase. A cost increase will likely come from the sludge side. We already spend a significant amount per year on sludge. Mr. Lanham will feel a lot better once we see the reports and test results and can sign off on them.

Mr. Hamala said BD Water will supply a letter of credit to support the performance guarantee that the plant will produce effluent that will meet the specifications, and agreed to increase the retainage from 5% to 10%. Director Salinas said he's leaning towards BioDAF if the engineers and operators are comfortable with it with a high level of confidence, and the data reports we want to see are favorable. If there are any red flags, Director Salinas said he would be more comfortable with the traditional plant.

Director Molinyawe made a motion to authorize the Board President to execute a contract with BD Water, LLC, for the construction of the new wastewater treatment plant, subject to AWR receiving the requested operations data from BD Water, LLC, for the plants in Mexico; for AWR and Atwell to review the requested operations data and agreeing that the data is acceptable; to authorize change orders in the contract with BD Water, LLC, to increase the retainage from 5% to 10%, and to require a letter of credit from BD Water, LLC, in the amount of \$500,000.00; additionally if the requested operations data is not acceptable to AWR and Atwell, the Board President is directed to call a special Board meeting, prior to August 31, 2021; the motion was seconded by Director Kenyon, and unanimously carried by the Board.

15. 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.

Mr. Smith addressed the Board. We replaced and fixed some gates back in early 2021. Two were replaced and one was fixed. The work was approved by the Board months ago, but it wasn't paid for. The total is \$7,500.00. Director Kenyon made a motion to approve the payment of \$7,500.00 to pay for the gate repairs and replacement; the motion was seconded by Director Molinyawe, and unanimously carried by the Board.

16. Authorize the District's consultants to prepare and submit S.B. 3 plans and information.

Mr. Smith addressed the Board. There was a Senate Bill that recently passed in legislation that, in the aftermath of the February freeze, requires water districts to take certain actions. The first report regarding the District's facilities is due in November to TCEQ. A freeze protection emergency preparedness plan must also be implemented and completed by July 2022. The TCEQ has published the criteria for what we have to report. The template is 41 pages and full of detailed questions to answer. There will also be a lot of corresponding work to complete in the field. To comply with the reporting requirements will be very time consuming. Director Molinyawe made a motion to authorize District consultants to prepare and submit Senate Bill 3 plans and information, as required by law; the motion was seconded by Director Shute, and carried by the

Board by a vote of 4 to 1. Director Kenyon voted against the motion.

17. Consider and take action to adopt and approve the filing of an Amended Information Form for the District.

Mr. Hamala addressed the Board. After our last bond issue, we need to update the District Information Form that is recorded in the Travis County real property records to reflect the new bond amount. Director Shute made a motion to adopt and approve the filing of an Amended Information Form for the District; the motion was seconded by Director Kenyon, and unanimously carried by the Board.

18. 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 accounts, debt service funds, cash in the bank, capital projects, bills, and invoices. In regard to budget, this year is tracking very well. We've brought in \$19,000 more than we spent. Director Molinyawe made a motion to approve the 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.

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

The next meeting will be September 16, 2021. The meeting will likely be in person at noon, at the new offices of Atwell, LLC. If it's possible conduct the meeting by Zoom, General Counsel will inform the Board in early September. Atwell has a nice patio in the parking lot.

20. Adjournment.

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

APPROVED September 16, 2021



Joanne Molinyawe, Secretary