

**CYPRESS RANCH WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1**  
**Minutes of November 16, 2017 Meeting**

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 Texas Engineering Solutions, LLC, Barton Creek Plaza III, Suite 300, 3815 South Capital of Texas Highway, Austin, Texas 78704, at 12:00 noon on November 16, 2017. A copy of the Notice of Meeting is attached hereto.

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

Gene Darling	Ronald den Hoed	Joe Peeler
Joanne Molinyawe	Tony Salinas	

And all of said persons were present, except Tony Salinas, thus constituting a quorum. Also in attendance were Jeff Monzingo, representing Montoya & Monzingo, LLP; Hank Smith and Justin Lange, representing Texas Engineering Solutions, LLC; Hal Lanham, representing AWR Services, Inc.; Richard Topfer, representing Cypress Ranch, LTD; and Richard Hamala and Jonathan Cochran, representing Tiemann, Shahady & Hamala, P.C.

Agenda item one: review and approve the minutes of the previous District meeting. Board then reviewed the minutes of the prior Board meeting of October 19, 2017. Director Hoed made a motion to approve the previous Board meeting minutes; the motion was seconded by Director Peeler, and unanimously carried by the Board.

Agenda item two: receive public comments. There were no members of the public at today's Board meeting, and no public comments.

Agenda item three: consider and take action regarding the rates for services provided by the District. Hank Smith, of Texas Engineering Solutions, presented to the Board a spreadsheet comparing the water and wastewater rates of Cypress Ranch with the rates of City of Austin and West Travis County Public Utility Agency. Hank noted that the Cypress Ranch rates are lower than City of Austin and West Travis County, adding that it's hard to compare the rates at face value, due to various factors. For example, West Travis County uses surface water which it pumps from the lake, and is not as clean (as other water sources), thereby incurring higher treatment costs. The water for Cypress Ranch, meanwhile, is pumped from wells, chlorinated, and then distributed to its customers. In regard to wastewater rates, Hank Smith stated that the Cypress Ranch rates are significantly lower than the rates of West Travis County and City of Austin.

In the interim report from TRC, looking at the overall wastewater treatment plant, the plant will need maintenance and upgrades eventually. For example, the air drop lines need to be replaced at a cost of \$20,000; the digest system needs to be replaced at a cost of \$29,000. In addition, the District needs to have the valves checked; the air supply piping is starting to wear; and we need to replace, clean, and paint the outside of the tank. To keep the plant up and running will cost an

estimated \$171,000. An expense for next year is to fix the clarifier floor at a cost of \$40,000. The main lift station pump is working fine. Three-year plan: When we tie in Lake Travis ISD, the splitter box will flow better and we will split the flow to two different plants. That cost will be \$468,000. Three-year to five-year plan: Tertiary Filtration. The tertiary treatment method is designed to filter wastewater. The water is passes through a bed of sand or charcoal, allowing particulate matter in the water to adhere to the filter medium, removing it from the water. This will cost the district \$529,000.

In six months to year, we want an agreement in place with Lake Travis ISD about costs. The District engineers will meet with them about how to move forward. Ultimately, we don't want to spend four million dollars on a new plant. TRC is looking at the lifespan of the current plant, and estimate it at twenty to thirty years. We want to do the proper upkeep now so that we can stretch the lifespan to thirty years. One way to get the funding for this and other matters, is to start beefing up the wastewater rates. Hank speculates that the district can put a couple hundred thousand away each year, which can go towards the long-term goals of the wastewater upgrades. Director Molinyawe expressed concern about raising the rates. Director Darling added that he doesn't want to still be paying off the existing plant and have to build a new one. Hank Smith reiterated that the District should raise the wastewater rates by some measure, so that per year the District can put money aside for these important considerations down the road.

District wells: Hank Smith addressed the Board on this issue. There is also a memorandum from Joe Vickers and Steven Bond in the Engineering Report titled 'Pressure Transducer Problems at the West Cypress Hills Well Field.' From the memo: Results of the survey found that the transducers in wells one through eleven were either not functioning, or in some cases, damaged beyond repair. It appears that most, if not all, of these transducers should be replaced. It also appears that iron buildup and corrosion in the well is the major contributors to damage of the units. Hank said the probes are rusting and corroded. The probes are located down-hole to measure water depth and water pressure. It might be as simple a solution as a poor grade of steel used for the probes. Another concern is that the stainless-steel well casings are rusting out. The well casing pipe has little holes in it, and the water travels through those holes. If the casing is rusting up, then the water can't get through the holes. Joe Vickers recommends sending a camera down into the wells for more information. Bottom line: we want to get more water out of the wells we currently have. Hank Smith recommends that the District do this kind of well evaluation every year, as part of ongoing maintenance. Hank stated that the District wouldn't have to have casing for a public water system well. There is a chemical you can put down-hole that's a cathode protection. Director Molinyawe expressed hesitancy.

Jeff Monzingo added that the District currently has \$30,000 more revenue than expenses, and has no money for anything besides ordinary maintenance; everything has been fine thus far, but by now the District needs to start planning ahead. The District has not changed the base rates in years, and many years have gone by in which it has not built a reserve. No action was taken by the Board at this time to raise the water or wastewater rates.

Agenda item four: consider and take action regarding claims for clean-up and damages for contractor dumping of swimming pool construction spoils on District-owned property.

Aquamarine Pools constructed a swimming pool at 5900 Sabino, within the District. In October 2017, Aquamarine Pools said that it would clean up the dumped spoils, but it has yet to do so. Richard Topfer stated that Aquamarine Pools denied the dumping of spoils at first on the District's property. And in all likelihood the homeowner was unaware of the Aquamarine Pool's actions.

Richard Hamala suggested that the District put the homeowner on notice by sending them claim letter so they will understand the magnitude of the issue. The claim letter will indicate that the District may have to impose a \$200 a day fine until the spoils are removed. Then, if the homeowner does not take action, file a lawsuit.

The District does not currently have a rule specifically designed for this particular issue. The District needs something from the engineers substantiating that the dumping of spoils interferes with drainage. Director Hoed made a motion to send a claim letter to the homeowner at 5900 Sabino; the motion was seconded by Director Molinyawe, and unanimously carried by the Board.

Agenda item five: consider and take action regarding a policy and rules for resident access for clearing and maintenance of green space on District-owned property. Director Molinyawe would like to place "trimming oak trees" under resident recommended actions. Additionally, she would like to add that residents may not do any kind of burning (of vegetation) on any District property. The Board liked these suggestions. Director Darling addressed how far into the green space a resident could clear land. Director Darling recommended fifty feet rather than one hundred feet, the current proposed measurement. The Board liked this suggestion. Director Molinyawe suggested the Board put these policies on the District webpage, and then send electronic notice to the residents that it's there.

Agenda item six: consider and take action regarding a policy and rules for resident access on District-owned property for construction and landscaping projects such as installation of swimming pools. This item generated mixed opinions from the Board. Director Peeler initially said the District shouldn't allow it. Director Molinyawe suggested that the Board takes action on every request; a case by case basis. Director Peeler liked the idea of contractors coming and going through the front yard, as opposed to District property. Hank will come up with a policy. He said he will draft a policy with homeowner deposit information and an application with the engineer and operating company, so that it's on an individual basis.

Agenda item seven: General Manager's report. Presented by Hal Lanham. The report covered AWR operations, maintenance, and repairs performed in October, 2017. Hal explained that all new meters are electronic. A total of 142 meters are now active. He proposes the District be more proactive with meter replacement over time, and make this a budget item. AWR also worked with LBS and Director Darling to proceed with re-vegetation of District drip fields as required by TCEQ. AWR is coordinating with WellSpec and Texas Engineering Solutions to analyze District wells, pumping capacity, and possible cleaning.

Agenda item eight: receive update and take action regarding mowing and landscaping services within the District. Information on this agenda item presented by Hal Lanham. He says that he

believes LBS is doing a better job with mowing and landscape. He tells the Board he wants to know what areas need attention. Director Peeler wants the weeds by large rocks removed, and on the trail at the bottom of the hill by the school, the mowing job is poor. Joanne will email Hal the issues and Hal will contact LBS with issues. Hal says AWR is performing weekly inspections of all the areas.

Agenda item nine: consider and take action regarding facility operation and maintenance, utility service, billing, and collection. Grinder pump repairs: presented by Hal Lanham. One grinder pump repair was conducted during the reporting period. Hal inquired: does the District want to continue with the policy that if AWR finds a grinder pump system that is substandard, do we want the District to replace it? Or alternatively, does the District replace the part that's broken? Director Molinyawe said do not replace it; repair the part that's broken. The District doesn't need to spend extra money on new, fancy grinder pumps when the pumps in place can be fixed. Hal was of a different opinion. He said in Sweetwater, every house has an E-1 grinder pump. Hal believes that when the older grinder pump fails, the District should replace it with a newer model, rather than spend time and money to fix the component parts, as a lot of times those component parts have to be tracked down. Hal proposes the District replace the pumps as needed with an E-1 system, if an older model pump fails. At this time Director Hoed made a motion that if the grinder pump fails, the District will replace it at the District's expense, not the homeowner's expense, with the new E-1 grinder pump, with a clause stating that the homeowner can object and have the old grinder pump fixed; the motion was seconded by Director Peeler, and unanimously carried by the Board.

Agenda item ten: consider and take action regarding the contract for billing, maintenance, and operations services. The AWR contract: the proposed contract fixes the base fees and schedule A rates for the district for a period of three years. The schedule A rates for personnel are increased by \$2.00 per hour and fixed for three years. Hal: To keep up with increases in cost, we look at an annual consumer price index, which can change year to year up or down. It affects the schedule A rates. Richard Hamala: we want the contract to end on October 31, 2020. Director Darling does not like the rates for overtime on the work vehicles. Director Darling: the vehicle runs without being paid overtime. The Board checked the field services page of the contract drafted by Hal Lanham. On invoices, Director Darling wants more detail about what specific services are being billed. He wants an hourly breakdown; how many hours and who is doing the work. At this time Director Peeler made a motion on the contract for a revision adding more detail according to Schedule A, specifically hours and personnel; the motion was seconded by Director Hoed, and carried unanimously by the Board.

Agenda item eleven: Engineer's report, presented by Hank Smith, assisted by Justin Lange. Hank discussed ongoing projects within the District. Project: Lightning/grounding protection at Rock Wren cistern site. The updated engineer's estimate from SKE is \$48,600; therefore we only need to solicit three bids and public notification is not required. No motion was made by the Board at this time to approve the lighting/grounding protection. We will wait until bidding is complete.

Agenda item twelve: consider and take action as necessary to accept facilities for operation and maintenance, and to authorize permit applications, and trail, drainage, and facility maintenance

and construction projects as recommended by the District's Engineer. In a memo from Landscape and Business Service (L.B.S.), dated October 30, 2017, of which the subject was in reference to Project: Wash out near Cistern, LBS recommends moving the bull rock on site to potential wash out area behind the house closest to the cistern; flare end and use rock on site as an ending barrier. All materials, labor, and equipment is included in the services. The services total \$735. Director Molinyawe made a motion to approve the erosion work by L.B.S.; seconded by Director Peeler, and unanimously carried by the Board.

Agenda item thirteen: Consider and take action to ratify and/or approve pay estimates and change orders for construction projects as recommended by the District's Engineer. No action taken by the Board.

Agenda item fourteen: Consider and take action regarding the quarterly investment report. The report was presented by Jeff Monzingo. Director Hoed made a motion to approve the quarterly investment report; the motion was seconded by Director Peeler, and unanimously carried by the Board.

Agenda item fifteen: receive a report from the District's bookkeeper and consider and act on approval of bills and invoices, ratification of payments, and funding of the Manager's account. Jeff Monzingo presented the bookkeeper's report. Director Peeler made a motion to approve the report; seconded by Director Darling, and unanimously carried by the Board.

Adjournment: Upon adjournment of the Board meeting, general counsel, Richard Hamala, explained to the Board members that they may participate in future meetings via videoconference call (as before), but that a Director must be physically present at the Board meeting to establish a quorum. A quorum of the Board cannot be established by virtual presence. The Board will meet again on January 25, 2018. Director Hoed made a motion to adjourn the meeting; seconded by Director Peeler, and unanimously carried by the Board at 2:45 p.m.

APPROVED January 25, 2018.



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Joanne Molinyawe, Secretary