

**CYPRESS RANCH WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1**  
**Minutes of September 21, 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 S. Capital of Texas Hwy., Austin, Texas 78704, at 12:00 noon on September 21, 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 Director 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, Brett Lanham, and Mike Bamer representing AWR Services, Inc., and Richard Hamala representing Tiemann, Shahady & Hamala, P.C.

The Board reviewed the minutes of the meeting held on August 17, 2017. Upon a motion by Director Molinyawe, seconded by Director den Hoed, and unanimously approved, the Board approved the minutes of the prior meeting. There were no public comments.

Director Darling opened the public hearing regarding the adoption of a tax rate for 2017. Mr. Monzingo presented the proposed 2018 budget based on a 75 cent debt service tax rate and a 15 cent O&M tax rate that were recommended by the District's financial advisor. Mr. Monzingo explained the revisions to the proposed budget as discussed at the prior meeting. Mr. Monzingo noted that the proposed budget has a five cent lower O&M tax rate and contemplates using \$60,000 from the debt service fund. The budget includes \$1,186,000 of total revenue, \$100,000 for water hauling, the amount for mowing has been increased, and the budget includes \$100,000 for greenbelt maintenance. The budget projects \$30,088 of revenue over expenses. Mr. Monzingo explained that at the end of the current 2017 fiscal year, the District will have \$215,000 of maintenance reserves, \$429,000 of contractual capacity fees, and \$738,000 of regular operating cash.

Director Darling asked about the possibility of the irrigation fields failing. Hal Lanham explained components of the fields such as valves fail and animals damage the tubing. Director Darling suggested that because of the age of the irrigation fields, funds should be reserved for repair of irrigation fields and other equipment such as the five standby generators. The boiler and machinery insurance may cover failure of mechanical equipment caused by an event such as a lightning strike, but not failure due to wear and tear. Director Darling suggested that the maintenance reserve should be increased for repairs to mechanical equipment. The directors discussed whether funds should be designated for recovering from uninsured damage to facilities and land owned by the District. Director Darling suggested that future budgets should contain an emergency fund for recovery from uninsured losses, but he was not suggesting making a revision to the proposed 2018 budget.

There being no further comments, Director Darling closed the public hearing.

Upon motion by Director den Hoed, seconded by Director Molinyawe, and unanimously carried, the Board approved the 2018 budget presented by Mr. Monzingo without any changes.

Upon motion by Director Peeler, seconded by Director Molinyawe, and unanimously carried, the Board adopted an order setting a debt service tax of \$0.75 per \$100 of valuation and an operation and maintenance tax rate of \$0.15 per \$100 of valuation for tax year 2017. Because the total tax rate was not changed from 2016, no action was needed with regard to the district information form.

Hal Lanham presented the items listed in the General Manager's report. Mr. Lanham reported that the new ground storage tank and booster pump are now operating. During July 682,000 gallons of water were hauled to supplement the District's system. Some of the hauled water was used to fill the new storage tank.

During the manager's report presentation, a resident of the District, Radcliffe Daly, appeared for the tax hearing. Mr. Ratcliff suggested that more information about the District should be readily available for residents. He also asked about the District's tax rate and water supply. After discussion, the Board directed that that the District's budget and debt service schedule should be posted on the District's website.

Mr. Lanham resumed the manager's report, and discussed the following items:

Problems have developed during the landscaping transition.

The old wastewater plant blower has been sent for rebuilding.

A cover for the wastewater plant blowers has been installed.

The water draining into the meter vault for the Colina Commerce Park appears to originate as from a nearby house that is watering their grass very often.

Director den Hoed observed that the landscaping transition has had problems and the new contractor needs to implement a schedule. Director Molinyawe described several concerns with the work of the new landscaping contractor.

Mike Bamer explained that an irrigation field was excessively wet because a check valve was not closing properly.

Director Molinyawe described options for landscaping the district's land at the intersection of Cypress Ranch Blvd. and Sabino. No action was taken on landscaping the tract.

TES prepared a drawing showing additional mowing areas and frequency to increase the scope of the landscaping contract with Landscape and Business Services. No action was taken on this item.

AWR Services was directed to follow up on revegetation of three areas where district land has been used for access to adjacent lots: 1 access path for a pool, and 2 access path adjacent to new homes.

Director Darling noted his concern for vegetation surround the irrigation fields and how it could impede access for firefighting. After discussion, Hank Smith and Ron den Hoed offered to plan a meeting with the fire marshal to discuss access for firefighting around the irrigation fields.

Hal Lanham advised that he will send a letter or otherwise contact Landscape and Business Services to make sure the contractor understood the concerns that have developed with the landscaping transition.

Next the Board considered the renewal of the operating contract in November 2017. Hal Lanham discussed the structure of the current contract with a fixed fee for operations and repairs under hourly rates. Mr. Lanham noted that the district has new facilities and operator rates will need to be increased by about \$4 or \$5 per hour. Some tasks such as door hangers and website support could be moved into the base fee. Director Darling explained that he would like the contract to incorporate a fee structure that provides an incentive for maintenance instead of responding to failures. Mr. Lanham agreed to submit a proposed contract for review at the October meeting.

Hank Smith presented the Engineer’s Report. Mr. Smith noted the following items:

- The fence has been installed around the new water plant.
- TRC has been hired by Lake Travis ISD to study wastewater for the proposed schools.
- The Kanetzky Engineering lightning design is completed and the cost estimate for modifications is \$75,000.
- TES is monitoring revegetation for the work done by contractors for Colina Commerce Park, but the work is not ready for acceptance.
- TES is monitoring stormwater flow on Rock Wren.

Mr. Smith explained that the additional water supply needed to allow twice per week lawn watering would require an 80% increase in water supply. This increase requires an additional 125 gpm and would require 5 or 6 new wells for a cost of \$1.25 to \$1.5 million.

Joe Vickers and Steven Bond have provided a proposal to evaluate the current well system and status of the aquifer for a fee of \$10,000.

The Board considered pay applications and change orders on pending projects. Upon a motion by Director Molinyawe, seconded by Director Peeler, the board unanimously approved pay applications and change orders as recommended by TES as shown below:

<b>TTE, LLC</b>		
Raw Water Tank	Pay App 5	\$ 71,324.10
	Pay App 6	\$ 78,074.65
	Change Order 3	\$5,375.00
<b>WWD</b>		
Irrigation Field Design	Invoice	\$3,400.00

Justin Lange presented a report on erosion caused by drainage from the irrigation fields on Rock Wren. Because homes at higher elevation have installed landscaping the diverts stormwater away from their lots, heavy rains cause erosion at the fence line of the last house at the bottom the hill on Rock Wren. Mr. Lange suggested hiring a contractor to install bull rock in this area to minimize future erosion and slow down the flow.

Director den Hoed presented an estimate of additional water supply needed for the District. Director Darling presented a schedule of daily hours full for the water storage tanks. Directors den Hoed and Darling discussed their concerns regarding the water supply capacity for the District.

Hank Smith explained that he was analyzing the District's water and wastewater rates and was working on assigning costs. Mr. Smith anticipates providing a rate change proposal at the November or January meeting.

Jeff Monzingo presented the bills and invoices that were due to be paid, along with the bank account balances. Mr. Monzingo advised that \$50,000.00 needed to be transferred from the money market account to the operating checking account. Mr. Hamala explained that he has prepared a revised manager account resolution to allow for payment of operating services and landscaping services during months when no board meeting is held. Director Darling explained that he wanted the General Counsel to review any such payments before the checks are issued. Also, the amounts paid under the resolution should include ordinary operations only. Amounts for subcontractors and third parties should be reviewed by the Board at the next available meeting. The cash sheet presented by Mr. Monzingo shows a transfer of \$55,500.00 from the operating checking account to the manager's account to provide funds for the increased amount of payments that could be required when a monthly meeting is not held. Upon a motion by Director Molinyawe, seconded by Director den Hoed, and unanimously carried, the Board approved the payment of the bills, invoices, and transfers as presented by Mr. Monzingo, and the Board approved revising the manager's account resolution with the changes directed by the Board.

The meeting was adjourned with the next meeting planned for October 19, 2017.

APPROVED October 19, 2017.



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Joanne Molinyawe, Secretary

