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**Questions Regarding Annexation and District Operation  
From Reagan Ward to the Ranch at Cypress Creek MUD  
October 15, 2009**

- 1. Why are meetings held 20 miles from our district, midweek and midday, thus ensuring limited resident attendance due to lost wages and vacation time?**

The Board of Directors (the “Board”) of the Ranch at Cypress Creek Municipal Utility District No. 1 (the “District”) works to meet in the neighborhood several times a year. However, unless there is an item of significant importance, resident attendance is either very low or there are no residents at all in attendance. The Board determined that it is a more effective use of taxpayer money to meet at its general counsel offices during the week so as to not pay fees for facility rental in the neighborhood and also maintain lower consultant fees. However, the Board does continue to periodically meet in the neighborhood in an effort to strike a balance and ensure opportunities for resident participation. In fact, the Board met in the neighborhood on the evenings of April 28 and August 26, 2009.

- 2. What causes the long delay in getting minutes posted to the MUD website?**

The minutes cannot be posted to the District’s website until they are approved by the Board, thus the reason for the month-long delay. For example, the minutes of the September, 2009 Board meeting were approved at the October Board meeting, after which they were posted to the website. Agendas are posted to the website and in the community prior to Board meetings.

- 3. Why do the minutes, once posted online, lack all mentioned exhibits and attachments?**

The sheer size of the exhibits and attachments to the minutes make it difficult and time-consuming to scan and post all of the meeting information online. The District’s Board packets are often in excess of 100 pages. However, the District is always willing to provide any of these exhibits and attachments to any resident upon request.

- 4. Why does the board not choose a purpose-built website that is specific to HOA/MUD/CIDs, such as [hoa-sites.com](http://hoa-sites.com) and its competitors, thus giving its residents improved usability and an interactive forum for discussion of MUD issues?**

We are a citizen board and work to maintain the website to the best of our abilities, however we also must balance the work we do for the District with our families and jobs. We do try to reach out to the community through the website and other means as much as possible, but this communication is only as effective as the response we receive, which has been infrequent. This is the first interest we have received regarding the format of the website and the inclusion of an interactive forum, and the Board will take these suggestions under consideration. In the

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meantime, the Ranch at Cypress Creek HOA maintains a Yahoo group for discussion of community issues.

**5. Why does the board not issue a community newsletter or maintain an email mailing list for communication?**

We are actively seeking ways to communicate with residents within the District. Often, we include items in the HOA newsletter as well as posting information on our website to ensure this communication. Additionally, for items of great interest such as annexation, we send out letters to every household in the District informing residents of the issues and holding public meetings in the neighborhood. The cost and time involved in maintaining a newsletter would be prohibitive and, until this point, we have had little community interest in such communications.

**6. Do the board members receive any compensation for their time, effort, or membership? If so, how much?**

The Texas Water Code allows a director on the board of a water district to receive a fee of office not to exceed \$150 for each day that a director actually spends performing district duties, and the Board members of the District follow this requirement. In addition, Board members are reimbursed for actual expenses incurred while engaging in activities on behalf of the District.

**7. What is the board's position on using volunteers for efforts such as cleaning graffiti, supplemental grounds keeping, etc., to reduce cost?**

The Board is always looking for more community involvement to enhance the quality of the neighborhood as well as ways to keep costs low. We use our consultants only when necessary and try to find the most cost-effective methods to address community concerns, such as graffiti, as quickly and cheaply as possible. The District welcomes any volunteers for activities, but will have to consider each offer on a case-by-case basis to consider potential liability issues.

**8. What happens to the tax money already collected by the MUD once annexation occurs?**

Once annexation occurs, the City of Cedar Park will assume all of the assets and obligations of the District. We are working with the City to ensure that whether we have an active Home Owners Association ("HOA") or Limited Purpose District ("LPD") following annexation, some money is retained to continue the operations of the new entity until it is able to pursue its own funding.

**9. What is the Board's stance regarding the advantages of its residents joining the R@CC HOA vs. the proposed Limited Purpose District?**

The advantages to being a part of the HOA are that this is an effective long-term solution to ensure that the quality of the neighborhood is maintained. Having the same restrictions would create uniformity in the community to assist in maintaining this quality. Further, HOAs are the "norm" in handling these types of issues in the community and the neighborhood has the benefit of already having an HOA wholly within the District that is already addressing community issues. The Board is open to an LPD, but this was not seen as favorable an option as an HOA, and the City was hesitant to have an additional taxing entity within the City limits.

**10. What is the process for forming the Limited Purpose District? Is a resident vote necessary?**

The process of forming an LPD is established by Chapter 43 of the Texas Local Government Code. First, the District and the City must negotiate a Strategic Partnership Agreement that sets out the framework under which the City will consent to the creation and operation of an LPD in the City. Upon annexation, the District is automatically dissolved, and the creation of the LPD is subject to a confirmation election held within the proposed boundaries of the LPD. A majority of the voters participating in the election must approve the creation of the LPD.

**11. Is the LPD a 'Plan B' for the MUD? What is the probability of the LPD succeeding if the HOA membership vote is negative?**

The LPD is an option if the vote to be a part of the HOA is not successful. The success of the LPD election is dependent on whether the majority of those residents voting in the election are in favor of the LPD creation.

**12. Why does the HOA membership vote require a 2/3 vote to join the HOA and take on new deed restrictions, when amending our existing MUD covenants requires 80% support of all landowners, not just those voting, with notarized signatures?**

Some individual subdivisions in the District are subject to different voting requirements for the creation of an HOA. While an 80% vote may be applicable in some subdivision sections, some others have no mechanism available for the formation of an HOA. Further, the 2/3 vote is required of *all* landowners, not just those voting. It was felt that the requirement of a 2/3 vote of all landowners was a conservative approach in that it still requires a super majority of all landowners—not just those voting in the election.

**13. Why was the decision made to compel residents to join an existing HOA with different deed restrictions rather than form a new one built around their current deed restrictions?**

The Board did look into the possibility of simply allowing homeowners to form a new HOA, but several sections in the community have deed restrictions that lack the language to allow them to form and adequately fund an HOA.

**14. Why was the R@CC HOA chosen over the Deer Creek HOA? What parameters were used?**

The Deer Creek HOA includes subdivisions that are outside of the District. In fact, only two Deer Creek sections are within the boundaries of the District. In addition, the Ranch at Cypress Creek HOA already has an agreement in place with the District to split the costs of deed restriction enforcement. Because of these issues, it seemed most appropriate to allow for the expansion of the Ranch at Cypress Creek HOA.

**15. Why is Deer Creek Ranch excluded from the legislation if the alleged original intent of the legislation was to form a single HOA to combine all existing homes and deed restrictions under one ‘Master HOA’ (per both the bill’s author and HOA president)?**

Deer Creek Ranch is already within the Deer Creek HOA. The District’s intent was to ensure that sections not within an HOA become part of an HOA to receive the same level of services after annexation. Only two sections of the Deer Creek HOA are within the borders of the District. The District Board wanted to ensure that sections not within an HOA maintained the same level of neighborhood quality once the District was dissolved upon annexation. The Board did not, however, want to propose to take residents out of one HOA (Deer Creek) to become members of a different HOA (Ranch at Cypress Creek).

**16. If Deer Creek Ranch is excluded from joining the R@CC HOA, why are residents not allowed to form their own HOAs to enforce the deed restrictions rather than be required to join the R@CC HOA?**

Many sections in the community have deed restrictions without language to either allow the residents to form an HOA, or have language that would only allow the creation of an HOA without any funding mechanism.

**17. In its information regarding annexation, why did the board choose to use Buttercup Creek rather than our neighbor Cypress Bend as an example of a neighborhood without a MUD?**

The Board determined that the District was more like Buttercup than Cypress Bend. Cypress Bend does not have a significant through street similar to Sunchase Boulevard. This street plays a huge role in how people perceive our neighborhood. Using Buttercup for comparison more clearly showed the City’s standards in a neighborhood like ours.

**18. Why did the board choose to pursue mandatory HOA membership rather than voluntary, as is done in Cypress Bend?**

Standard “good practices” for quality neighborhoods are mandatory, and the Board was concerned that voluntary practices do not provide the level of quality management seen in mandatory membership. Further, the District strongly believed that to ensure quality in the

neighborhood, there should be a level consistency to ensure that all sections maintain standards to protect property values.

**19. When is the HOA membership election to occur? If the time is as yet undetermined, please specify a time frame.**

No election schedule has been set, but would generally occur in the months prior to the annexation.

**20. How will the HOA membership election be handled? The legislation the MUD requested states that the HOA will manage it, but the HOA has the greatest vested interest in a positive vote. What safeguards will be in place to ensure a fair vote?**

The HOA election will be handled pursuant to the HOA election procedures currently in place. This will involve allowing each homeowner the opportunity to vote in person or through a proxy.

**21. Will the MUD Board of Directors conduct a campaign to promote a positive HOA membership vote? If so, will it be using funds paid by its taxpaying residents?**

If any Board member chooses to campaign for the HOA election, it will be as a citizen without compensation from the District. The District's role in this election will be to provide and disseminate information.

**22. It has been stated by the HOA that HOA dues will increase if the HOA membership vote is positive, in order to pay for the maintenance of the common areas, make up for the MUD's monthly payment to the HOA, and other expenses. What is the expected membership cost to residents if we join the HOA?**

The Board has no specific information on a proposed increase in assessment or dues by the HOA, and this question is best posed to the Ranch at Cypress Creek HOA. However, it should be noted that residents will no longer be paying a separate property tax to the District after annexation.

**23. Has any effort been made to accelerate the annexation, resulting in an earlier annexation date? If so, what is the target date the MUD wishes? The city?**

The statutory default date of annexation is March 2011. However, the City has asked to push the date of annexation up to December 2010 to coincide the timing of annexation with the annual preparation of tax appraisal rolls. However, no final agreement has yet been reached on this issue.

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**24. Given what you know, what was the City of Cedar Park's interest in formally endorsing HB 4815, a bill that potentially requires people who are not yet citizens of the city to join a private entity?**

HB 4815 does not require residents of the MUD to join an HOA, but rather provides them the opportunity to vote to do so. We encourage you to contact City representatives for any insight regarding the City's perspective on HB 4815.

**25. Given that HOAs are not covered by the Open Meetings Act, how can we ensure that HOA meetings and finances are public and open, just as the MUD meetings and finances are?**

Although not subject to the Open Meetings Act, HOAs have elected representatives who are responsible to the neighborhood residents. Further, your HOA representatives are your friends and neighbors. Thus, the community as a whole may work to keep the HOA accountable to its residents. Further, the community still has the opportunity, pursuant to HB 4815, to vote on whether to become a part of the Ranch at Cypress Creek HOA or not.