

## CYPRESS CREEK UTILITY DISTRICT

Minutes of Meeting of Board of Directors  
January 27, 2016

The Board of Directors ("Board") of Cypress Creek Utility District ("District") met at its regular meeting place within the District at the Mills Walk Clubhouse, 10643 Mills Walk Drive, Houston, Texas, on January 27, 2016, in accordance with the duly posted notice of said meeting, with a quorum of Directors present, as follows:

Glenn Land, President  
Robert Jackson, Vice President  
Harvey W. Roensch, Secretary  
Rob Nixon, Director

and the following absent:

Chris Stanley, Director.

Also present were Mr. David Ciarella with Enhanced Energy Services, Inc.; Ms. Christine High and Mr. Dewayne High, District operators; Mr. Erik Miller, engineer for the District; Mr. Mike Others, the District's accountant; Ms. Sarah Redden, the District's bookkeeper; two constables from the Precinct 4 Constable's office; Mr. Dane Burson and Mr. Caleb Burson, with Accurate Meter and Supply; and Mr. W. James Murdaugh, Jr., attorney for the District.

The President called the meeting to order and declared it open for such business that might regularly come before it.

1. The Harris County constables approached the Board to discuss whether the District desired to enter into a contract for security services. President Land reported that from a recent questionnaire to District residents, approximately 314 responses had been received and that over 200 responses had been favorable. However, he expressed concern over the low percentage of responses compared to the total number of District residents, and after a discussion the Board voted not to proceed with the contract at this time. The Board agreed to continue considering the matter, and the constables stated that in July a contract would be available again but at 100% service, and that the next available time for a 70/30 contract would be next March.

The Board thanked the constables for their time and help, and agreed to keep the matter under consideration.

2. The Board reviewed the minutes of the meeting held on December 28, 2015. Upon motion duly made, seconded and unanimously carried, the Board approved the minutes as presented.

3. Ms. Redden presented the bookkeeper's report, a copy of which is attached. The Board also reviewed and approved the investment report. Upon motion duly made, seconded and unanimously carried, the Board approved the bookkeeper's report and the checks listed thereon.

4. Mr. Others introduced himself and presented the audit of the District's books and records for the fiscal year ended September 30, 2015. He noted that his company was providing a clean audit opinion and that the District had maintained good balances for more than five years. After a brief discussion, the Board unanimously approved the annual audit and authorized its filing with all appropriate entities.

5. The Board next considered the tax assessor-collector's report, a copy of which is attached, which showed 99.083% collections for 2014, and 61.445% collections for 2015 taxes as of the end of December. Upon motion duly made, seconded and unanimously carried, the Board approved the tax assessor-collector's report and the checks listed thereon.

6. It was reported to the meeting that under the provisions of Article VIII, Section 1-b of the Constitution of Texas, this District may exempt by its own action not less than \$3,000 of the assessed value of residence homesteads of persons 65 years of age or older or disabled from all ad valorem taxes thereafter levied by the District. Those present discussed at length the various points for or against the adoption of the exemption by the District. After discussion, upon motion duly made, seconded and unanimously carried, the Board adopted the attached Order providing a \$35,000 homestead exemption for residents of the District 65 years of age or older or disabled.

7. Consideration was next given to 2015 taxes remaining delinquent. After a discussion, the Board authorized engaging the firm of Smith, Murdaugh, Little & Bonham,

L.L.P., attorneys, to represent the District with respect to 2015 delinquent taxes. In addition, the Board adopted the attached Order authorizing the levying of an additional 20% statutory penalty on business personal property accounts remaining delinquent on April 1, 2016 and on real property accounts remaining delinquent on July 1, 2016. This penalty defrays the attorney fees for collection.

8. Mr. Miller presented the engineer's report, a copy of which is attached. He stated that with respect to the Anderson Ditch project the contractor had mobilized, and he agreed to address additional questions presented by the Board. The lift station project at the regional sewage treatment plant had been completed and was in operation, with only minor issues to be addressed by the engineer including ancillary equipment at a control panel. Design work on the chloramine project was continuing, but President Land stated the North Harris County Regional Water Authority had provided information to the effect that its project to serve the District might be on hold in the near future. The Board discussed the use of phosphates prior to receiving surface water, and the engineer agreed to keep the matter under consideration.

9. The Board next considered the proposed engineering fees for 2016, and after a brief discussion, with Director Jackson abstaining, the 2016 fee schedule for the engineers was approved.

10. Mr. High presented the operations report, copy attached, which showed 881 residential connections with 100% water accountability and record low water usage. He noted a favorable report from a recent Texas Commission on Environmental Quality inspection, and he also discussed the status of water well no. 1. The operator recommended writing off two accounts, but the Board declined to authorize such write-off. Mr. High also reported on the recent payment arrangement provided by Mr. Colby with respect to his delinquent account, which arrangement was approved by the Board. The operator then submitted a list of delinquent accounts to the Board for termination of utility service and stated that the accounts in question have been given written notification of the opportunity to appear, either in person or in writing, at the Board meeting to contest, explain, or correct the charges, services, or disconnection. The operator noted that the accounts listed have neither attended the Board meeting nor contacted the operator's office or the District to contest or explain the charges. After discussion, upon motion

duly made, seconded and unanimously carried, the Board authorized the District's operator to proceed with termination of utility service to said accounts pursuant to the provisions of the District's Rate Order.

11. Mr. High next discussed the recent installation of new software in the operator's billing system. Director Jackson had various questions concerning routine reports and inspection results for the TCEQ, which he agreed to address further with the attorney prior to the next meeting.

12. It appeared that an election of directors should be called for and within the District on Saturday, May 7, 2016. The attached Order calling such election was presented and reviewed by the Board of Directors. Upon motion duly made, seconded and unanimously carried, the Board approved and adopted the Order which is attached to these minutes. The attorneys were instructed to handle the mechanics of the election.

13. The attorney noted recent correspondence from Waste Management concerning the increase in garbage collection rates as a result of the annual CPI adjustment. The attorney also distributed memoranda addressing new requirements for the award of contracts as a result of House Bill 1295. He also agreed to obtain additional information concerning website requirements.

14. Mr. David Ciarella then approached the Board to discuss the status of the District's contract for electricity. After a discussion and review, he advised the Board to take no action with respect to the current contract but to proceed to investigate a new contract to be in place upon termination of the existing contract. The Board agreed to his recommendation and unanimously designated Director Jackson to coordinate with Mr. Ciarella and to act on behalf of the Board with respect to such proposed contract.

15. Mr. Caleb Burson presented information concerning the installation of Badger smart meters. The attorney requested a proposed contract between the District and Badger, and between the District and Mr. Burson's company. After further discussion, the Board authorized the Bursons to proceed with their proposed project prior to receipt of a contract.

There being no further business to come before the Board, the meeting was adjourned.

*Harvey Frensch*  
Secretary