

CYPRESS CREEK UTILITY DISTRICT

Minutes of Meeting of Board of Directors
August 23, 2017

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 August 23, 2017, 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
Theresa Dildy, Director

and the following absent:

Rob Nixon, Director.

Also present were Ms. Robin Goin, tax assessor-collector for the District; Mr. Jeff Pena, engineer for the District; Ms. Sarah Redden, bookkeeper for the District; Ms. Christine High, Mr. Dewayne High, District operators; and Mr. W. James Murdaugh, Jr., attorney for the District.

1. The Board reviewed the minutes of the meeting held on July 26, 2017. Upon motion duly made, seconded and unanimously carried, the Board approved the minutes as presented.

2. Ms. Goin presented the tax assessor-collector's report which showed 98.062% collections for 2016 taxes, with 2016 certified taxable value \$186,346,874. She also reported that the current certified values for 2017 were \$175,104,991, plus an additional uncertified homeowners' value of \$14,949,873. Accordingly, she stated that the District should be in a position to discuss its tax rate at the September meeting. The Board reviewed the delinquent tax report with the attorney. Subject to that discussion, upon motion duly made, seconded and unanimously carried, the Board approved the tax assessor-collector's report and the checks listed thereon.

3. Ms. Redden presented the bookkeeper's report. The Board reviewed and approved the investment report and noted the energy consumption report. The Board requested that the meeting next month the bookkeeper's report also show a comparison to electricity payments for the current and prior year as a result of the recent change in electricity contract. The Board reviewed a draft budget for the coming fiscal year and agreed to provide comments so the that the budget could be approved at the September meeting. Subject to that discussion, upon motion duly made, seconded and unanimously carried, the Board approved the investment report and the bookkeeper's report and authorized payment of the checks listed thereon.

4. Mr. Pena presented the engineer's report. He noted information concerning lots/residences in the District recently purchased by Harris County Flood Control District as a result of flooding. He also noted information he had provided concerning a possible Strategic Partnership Agreement with the City of Houston. He reviewed the status of projects related to the Lake Forest Regional Sewage Treatment Plant and noted no new information concerning the possible development of soccer fields in the District. In light of the lack of communication from the apparent developer, the Board requested that the report and agenda no longer include a reference to the soccer fields project. Mr. Pena discussed the status of engineering design for various projects in the District as well as surface water conversion at the District's water plant with the anticipated date for delivery of surface water currently estimated to be January 2019. He reviewed information requested by the North Authority on the status of District water quality, and confirmed that he and the operator were coordinating to provide the information as requested.

5. The Board, the engineer, and the attorney reviewed the status of the District's bond application to the Texas Water Development Board. The complete application had been submitted on August 15, 2017; however, the attorney and engineer discussed recent communications from the TWDB as to the possibility of postponing the applications until 2018 to achieve possible savings. The Board discussed the matter, specifically including information provided by the financial advisor as to the very minimal savings to be obtained, and therefore unanimously agreed that the applications should proceed as currently filed under the 2017 programs. The attorney agreed to so notify the staff of the TWDB. The Board requested that he confirm with the TWDB the fact that all engineering expenses incurred over the last several

months were a direct result the projects for which the loan applications had been filed and that the engineering work was performed at the direction of the Board in expectation of funding by the TWDB.

6. Mr. High presented the operations report which showed 993 active connections. There was very low usage in July with only 92% water accountability. Five bacteriological samples had been taken, all with good results. The Board noted its approval of payment of a check relating to the water leak and concrete repair for the Ripkowski account. 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.

7. The Board reviewed proposals for security cameras and related facilities which the operator had obtained at the request of Director Nixon. The Board agreed to take the security issue under advisement for further discussion, particularly in light of the status of the District's operating budget. The Board reviewed various correspondence provided by the operator and replies that had been provided. With respect to two recent letters, the operator and President Land agreed to coordinate for an appropriate response. Mr. and Mrs. High stated that they had been working on improving customer service provided by their office.

8. Director Roensch had no new information to present as far as the Lake Forest regional plant was concerned, and President Land briefly discussed the status of activities of the North Harris County Regional Water Authority.

9. The attorney reviewed the District's Code of Ethics with the Board. Copies of the Code had previously been provided, and after a discussion the Board unanimously agreed that no changes to the District's Code of Ethics were in order at this time. The attorney also confirmed that he and the operator had been reviewing the District's rate order to ascertain

any required changes in District rates, and none appeared to be necessary at this time. However, the attorney advised that his office was working on a change to the format of the rate order, and he would keep the Board apprised of such project.

10. Finally, the Board discussed the District's possible Strategic Partnership Agreement with the City of Houston. The attorney and engineer had provided information required by the city, and the attorney explained that two hearings by the District on the proposed SPA would be required--likely at the same time as the next two regular meetings. Director Jackson expressed his objections to the agreement, but the other directors agreed to continue consideration.

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


Secretary

CYPRESS CREEK UTILITY DISTRICT

NOTICE OF PUBLIC MEETING

Notice is hereby given to all interested parties that the Board of Directors of the captioned District will hold a public meeting at **10643 Mills Walk, Houston, Texas 77070**.

The meeting will be held at **6:00 p.m. on Wednesday, August 23, 2017**.

The subject of the meeting is to consider and act on the following:

1. Consider comments and questions from District residents
2. Approve minutes of meeting held on July 26, 2017
3. Bookkeeper's report; review invoices and authorize payment of bills; review investment report and approve investment of District funds
4. Review draft budget for F.Y.E. 09/30/2018
5. Tax assessor-collector's report; status of tax collections; review invoices and authorize payment; status of delinquent taxes; authorize litigation as necessary; consider any taxpayer appeals; approve installment payment agreements, as necessary; authorize writing off accounts as appropriate
6. Engineer's report; authorize preparation of plans as appropriate; authorize advertising for bids; award contracts; approve change orders
7. Status of Bond Application to Texas Water Development Board and Project Information Form submission
8. Operator's report; review active connections and water accountability; status of operation, maintenance and repair of District facilities; consider customer appeals; approve termination of service on delinquent accounts; status of installation of smart meters; analysis of connections by subdivision; status of security camera proposals
9. Discuss communication with District customers/residents
10. Lake Forest Regional Plant Report; discuss status of regional contract and authorize extension of contract as appropriate
11. North Harris County Regional Water Authority report
12. Annual Review of Rate Order
13. Annual Review of Code of Ethics

14. Review contracts for out-of-district service as appropriate; Adjust/confirm fees to Cy-Fair ISD
15. Pending business, including status of Strategic Partnership Agreement with City of Houston



W. James Murdaugh, Jr.

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Attorney for the District