

CYPRESS CREEK UTILITY DISTRICT

Minutes of Meeting of Board of Directors
September 27, 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 September 27, 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
Rob Nixon, Director

and the following absent:

None.

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

The President called the meeting to order and stated that the first item of business was a hearing on a proposed Strategic Partnership Agreement with the City of Houston in accordance with notice which had been provided to the public as required by law. The Board discussed the proposal and noted that a subsequent hearing would be held prior to its regular October meeting. No members of the public were present, and after further discussion of the proposed agreement with the City of Houston the President adjourned the hearing.

1. President Land then called the regular meeting of the Board of directors of Cypress Creek Utility District to order. The Board reviewed the minutes of the meeting held on August 23, 2017. Upon motion duly made, seconded and unanimously carried, the Board approved the minutes as presented.

2. Ms. Redden presented the bookkeeper's report. The Board reviewed and approved the investment report and noted the report on the electricity charges, particularly with respect to the new contract for electrical service. After discussion the upon motion duly made, seconded and unanimously carried, the Board approved the bookkeeper's report and authorized payment of the checks listed thereon.

3. The Board next considered a budget for the new fiscal year. The bookkeeper had previously provided a draft, and the Board expressed some concern over possible loss of revenue due to the recent flooding; however, the Board also noted that expenses during the fiscal year from the Lake Forest Regional Sewage Plant could be less than budgeted. After considerable discussion the Board unanimously agreed to approve the proposed budget in accordance with the resolution which is attached, and noted that the Board could consider amending the budget as necessary in the future.

4. Ms. Goin presented the tax assessor-collector's report which showed 98.236% collections for 2016 taxes. The Board also reviewed the delinquent tax report with the attorney. Upon motion duly made, seconded and unanimously carried, the Board approved the tax assessor-collector's report and the checks listed thereon.

5. Mr. Smalley approached the Board to discuss a proposed tax rate for 2017 taxes. After a full discussion and review the Board agreed to establish a debt service tax rate for 2017 of \$0.095 per \$100 assessed valuation and a maintenance and operations tax rate of \$0.11. The tax assessor-collector was directed to publish notice of such proposed tax rates so that the District would be in a position to set the rate at its regular October meeting.

6. Mr. Pena presented the engineer's report and discussed debris removal by Harris County. He also noted significant problems which had occurred as a result of Hurricane Harvey at the Lake Forest Regional Sewage Treatment Plant. He reviewed the status of design for electrical improvements at the plant and at the lift station, and further noted that the regional plant's engineers had submitted a renewal application package for the plant's waste discharge permit to the Texas Commission on Environmental Quality. He noted a recent inquiry concerning possible service to and/or annexation of a commercial enterprise located at 10519 Grant Road, although he did not expect significant development to occur there.

7. Then engineer then reviewed the status of District projects related to water line replacement and sanitary sewer rehabilitation. He also confirmed he was responding to inquiries from the Texas Water Development Board concerning the District's pending bond applications. After discussions with the Board all present agreed it would be prudent to begin work on the sanitary sewer rehabilitation project at the south end of Norchester, Section 3 and work northward.

8. Mr. Dewayne High presented the operations report. He noted good performance by the water plant during Hurricane Harvey and the related flood. The previous month included 873 residential connections with 98% water accountability. Three bacteriological tests had been taken, all with good results. 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.

9. The operator next discussed two customer requests. After a full review of the Kaplan request the Board agreed that the operator should charge the minimum water and sewage treatment usage plus additional fees of \$296.10 attributable to the District's charges from the North Harris County Regional Water Authority. The Board also reviewed correspondence signed by President Land to Ms. Jean Thomas.

10. The Board next discussed whether the District should file a FEMA claim for damages related to Hurricane Harvey. The Board elected not to engage an outside contractor for debris removal. However, it appeared there might be significant repairs and mitigation expenses related to the hurricane at the regional sewage treatment plant, a pro rata share of such expenses to be attributable to the District. Accordingly, the Board did authorize the attorney and engineer to go forward with a FEMA claim.

11. President Land briefly discussed the status of the North Harris County Regional Water Authority, after which the Board requested that the engineer arrange a tour of the regional sewage treatment plant with the regional plant operator.

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


Secretary