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CYPRESS CREEK UTILITY DISTRICT

Minutes of Meeting of Board of Directors
February 28, 2018

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 February 28, 2018, 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:

Theresa Dildy, Director.

Also present were Ms. Odette McMullen, representing the tax assessor-collector; Mr. Jeff Pena, District engineer; Ms. Christine High, Mr. Dewayne High and Mr. Wesley High, District operators; Ms. Kelly Trebing, representing the District bookkeeper; and Mr. W. James Murdaugh, Jr., attorney for the District.

President Land called the regular meeting of the Board of directors of Cypress Creek Utility District to order.

1. The Board reviewed the minutes of the meeting held on January 24, 2018. Upon motion duly made, seconded and unanimously carried, the Board approved the minutes as presented.

2. Ms. Trebing presented the bookkeeper's report, a copy of which is attached. The Board also noted the energy consumption report and approved the investment report. Upon motion duly made, seconded and unanimously carried, the Board approved the bookkeeper's report and authorized payment of the checks listed thereon.

3. Ms. McMullen presented the tax assessor-collector's report which showed 91.148% collections for 2017--93.5% as of this date. All prior years' collections were 99% or

greater. Current taxable value in the District stood at \$193,709,506. Upon motion duly made, seconded and unanimously carried, the Board approved the tax assessor-collector's report and the checks listed thereon.

4. The Board discussed an agenda item for amending the annual budget, and based information provided by the operator and the bookkeeper concluded that no such amendment was required at this time. The Board considered a Resolution for the Use of Surplus Construction Funds which had been discussed at the January meeting and after a brief review unanimously approved the Resolution, a copy of which is attached, which addressed certain repairs totaling approximately \$8,400.00.

5. Consideration was next given to 2017 taxes remaining delinquent. After a discussion, upon motion duly made, seconded and unanimously carried, the Board approved and adopted the attached Order authorizing the levying of an additional 20% statutory penalty on business personal property accounts remaining delinquent on April 1, 2018 and on real property accounts remaining delinquent on July 1, 2018. This penalty defrays the attorney fees for collection.

6. Mr. Pena presented the engineer's report, and during a discussion of house demolitions authorized by Harris County Flood Control District. The Board unanimously agreed that in the future any further demolitions should include proof of connections being cut and plugged in accordance with plumbing code requirements. The Board requested that requiring and obtaining such proof be made a firm policy by the operator and the engineer. Mr. Pena then reviewed work being performed at Lake Forest regional sewage treatment plant. He next confirmed that the Texas Water Development Board had approved the District's two proposed bond issues, which would be discussed further in the meeting. He also noted the status of completion of various projects in the District: 60% design completion of Mills Walk lift station rehabilitation; 70% design completion of Balcrest Drive and Jones Road water line replacements; 90% design completion of sanitary sewer rehabilitation in Norchester Section 3; and 60% design completion of surface water conversion at the water plant, with February 2020 the anticipated date for completion of construction for the delivery of surface water to the District's water plant. In that regard the engineer stated that the results of Alsay Incorporated's work at well No. 3 showed that rehabilitation work estimated to cost approximately \$150,000 would be required.

Mr. Pena had already communicated that the engineers of Harris County MUD No. 230 and Northwest Harris County MUD No. 9 concerning the possible use of emergency interconnects once work at well No. 3 was underway. The attorney was requested to send letters to the two Districts advising them in writing of the possibility of interconnect usage, and the engineer was authorized to prepare plans and specifications for the work to be performed at well No.3. However, the Board agreed to take any final decision on the project under advisement for further consideration.

7. The attorney discussed the status of the proposed bond issue to be sold to the Texas Water Development Board. He confirmed that the TWDB had approved both issues and that the current plans were to schedule a closing in May, with the further understanding that the Board would meet to issue the bonds in April, possibly at a special meeting. He agreed to coordinate with the financial advisor and engineer, and to keep the Board apprised.

8. Mr. High presented the operations report which showed 998 active connections with 98% water accountability. Five bacteriological tests had been taken, all with good results. On the operator's recommendation the Board authorized writing off five accounts totaling approximately \$943.00. The Board also considered a request from the Tindall account, and unanimously agreed that it was not appropriate to grant the relief sought. The operator also reported that their telephone system now included a recording feature so that all telephone calls to the operator would be recorded. 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. President Land and the Board discussed the status of the Norchester Homeowners Association account for water usage and the fact that amounts had not been paid over time so that approximately \$17,000.00 is now owed to the District. President Land was

meeting with the Norchester HOA tomorrow and will provide additional information. He also discussed recent information from the North Harris County Regional Water Authority, and in that regard the operator confirmed that they would include a brochure from the North Authority in the next set of bills to District customers. The operator also reviewed with the Board recent correspondence from the Texas Water Development Board concerning recommendations for the District's water conservation plan.

10. The attorney noted that the District was required to review the FTC identity theft red flag program on an annual basis. The attorney confirmed that there were no changes necessary to the program, and the operator noted that there were no responses to any red flag incidents in the past year. The attorney recommended that no changes be made to the program. Accordingly, upon motion duly made, seconded and unanimously carried, the Board approved and adopted the attached Resolution Affirming Identity Theft Prevention Program.

11. Director Roensch discussed a recent meeting of the Lake Forest regional advisory council and included a report from the Lake Forest engineer. He also noted a draft new agreement for operation and maintenance of the regional facility, which the attorney agreed to review. President Land discussed certain additional information from the North Harris County Regional Water Authority.

12. The Board next addressed matters regarding the May 5, 2018 directors election. Pursuant to the relevant provisions of the Texas Election Code, the Secretary presented to the Board an executed Certificate of Unopposed Candidacy and No Declared Write-In Candidates. After reviewing the Certificate and determining that no proposition is to appear on the ballot, and upon motion duly made, seconded and unanimously carried, the Board accepted the Certificate and adopted the attached Order Declaring Unopposed Candidates Elected and Canceling Election. The Board then noted that a copy of said Order would be posted at the District's polling place no later than 7:00 a.m. on May 5, 2018 and the Order would remain posted until 7:00 p.m. on that day.

13. The attorney confirmed that his office would submit the appropriate report to the Texas Comptroller required by Senate Bill 625. The Board reviewed its previous discussions of the possibility of engaging security officers. President Land reported that the

matter would be addressed by the homeowners association, and therefore it no longer needed to appear on District agendas.

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


Secretary