

## CYPRESS CREEK UTILITY DISTRICT

Minutes of Meeting of Board of Directors  
May 23, 2018

The Board of Directors ("Board") of Cypress Creek Utility District ("District") met at a designated meeting place inside the District at Mills Walk Clubhouse, 10643 Mills Walk Drive, Houston, Texas on May 23, 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 Mr. Jeff Pena, District engineer; Ms. Robin Goin, tax assessor-collector for District; Ms. Sarah Redden, representing the bookkeeper 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.

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 April 25, 2018. Subject to one correction related to the location of the April meeting, upon motion duly made, seconded and unanimously carried, the Board approved the minutes as presented.

2. The Board then reviewed and approved the certificates of election and oaths of office of Director Land, Director Nixon, and Director Jackson, who were re-elected to the Board of Directors as a result of the May 5, 2018 directors' election having been canceled. The Board also reviewed their qualification letters and statements of elected officer. Upon motion duly made, seconded and unanimously carried, the Board voted to approve the qualifications and statements as well as the oaths of office of Director Land, Director Nixon, and Director Jackson, and declared them to be fully qualified to enter into their next four-year term

as members of the Board of Directors. The Board also considered whether to elect officers at this time, and unanimously agreed that the current officers should remain in place.

3. All directors present completed their annual conflict of interests disclosure documents, and no conflicts were noted.

4. Ms. Redden presented the bookkeeper's report, a copy of which is attached. The Board reviewed and approved investment report, and noted the energy consumption report. Ms. Redden stated that complete information on proceeds of the Series 2018 A and 2018 B bond issues which closed last week was not shown on the report, although she assured the Board that the information would be complete by the next meeting. Subject to that discussion, upon motion duly made, seconded and unanimously carried, the Board approved the bookkeeper's report and authorized payment of the checks listed thereon. The Board discussed the required review of the District's investments in compliance with Senate Bill 253. The Board requested that the District's bookkeeper and investment officer review the list promulgated by the State Comptroller and monitor it periodically to prevent violations of Senate Bill 253.

5. Ms. Goin presented the tax assessor-collector's report, copy attached, which showed 96.23% collections for 2017 taxes and current certified taxable value in the District of \$193,648,053. The Board expressed concern over a likely reduction in value as a result of 2017 flooding, and in that regard Ms. Goin stated it appeared that preliminary values for 2018, including personal property, would be approximately \$181,408,240. 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.

6. Mr. Pena presented the engineer's report, a copy of which is attached. He discussed a report of flooding at the intersection of Cypresswood Drive and Glenway; the engineers recommended that the property owner maintain communication with Harris County to address issues concerning the storm sewers in the area. The engineer reviewed items related to the regional sewage treatment plant including pending electrical improvements, the new waste discharge permit extending through February 1, 2023, and the status of a risk management plan. He reviewed requests from Old Matzke Elementary School, and then confirmed that the District's Series 2018 A and B bond issues had closed as anticipated on May 16, 2018.

7. With respect to various ongoing projects, on the engineer's recommendation the Board authorized advertisement for bids for the Mills Walk lift station rehabilitation project, with funding from the 2015 bond issue. Design is approximately 80% complete on the Balcrest Drive /Jones Road water line replacement; design is approximately 90% complete for the Norchester Section 3 sanitary sewer rehabilitation project; and February, 2020 is the anticipated date for completion of construction of lines for the delivery of surface water to water plant No. 1, design being approximately 75% complete.

8. The attorney briefly discussed other items related to the bond issues which had recently closed and the status of funds currently escrowed for engineering and construction work going forward. The engineer was in the process of filing the appropriate applications with the Texas Department of Water Resources, and the Board agreed to consider at an appropriate time in the future reimbursement to the General Fund from surplus construction funds for approximately \$100,000 in fees already paid the engineer on the project but not currently approved by the TWDB as a result of the timeline for work performed.

9. Mr. Dwayne High presented the operations report, copy attached, which showed 834 residential connections with 93% water accountability. Five bacteriological tests had been performed, all with good results. The operator addressed various significant leak repairs as well as repairs to booster pump No. 4. He discussed the need to lower certain water service lines as a result of paving repairs, and confirmed that he had back-charged the contractor involved. Finally, 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.

10. The operator then addressed a service line leak on Crestfield Court, and stated that the matter appears to be satisfactorily resolved. In that regard the Board expressed concerns over the cost of water jetting and suggested that the operator consider the possible

purchase of equipment for the District rather than subcontracting or rentals. The Board reviewed the District's annual Consumer Confidence Report and unanimously approved it in substantially the form presented. Based on a recommendation from Director Jackson the operator agreed to add language relating to the North Harris County Regional Water Authority.

11. Director Roensch discussed the status of operations of the Lake Forest Regional sewage plant. He provided engineering and operating reports for the regional plant as well as a draft of a new contract for plant participants. After a brief review and discussion the contract was unanimously approved in substantially the form presented.

12. President Land discussed a recent meeting with the North Harris County Regional Water Authority, after which the Board requested that the attorney provide copies of all District consultant contracts to the Board members for discussion concerning possible annual review of such contracts. The Board also reviewed a proposed third amendment to the District's contract for sewage treatment service to the Cypress Forest Section II Homeowners Association; the amendment was unanimously approved and its execution was authorized. The attorney noted that the emergency water supply agreement with Cy-Forest Water Supply Corporation has long since expired and no representative of the corporation could be located; Ms. High agreed to provide the attorney with the necessary information for a contact and a possible amendment to the expired contract.

13. Finally, the Board discussed the status of the investment funds in the District's escrow account from the recent bond issue. Three options had been made available by the escrow bank, and the Board agreed that Director Roensch, District investment officer, and Ms. Claudia Redden should discuss the matter and agree on the appropriate investments. The attorney stated that he would be on vacation at the June meeting, and that Mr. Richard Morrison of his office would attend.

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

  
Secretary