

CYPRESS CREEK UTILITY DISTRICT

Minutes of Special Meeting of Board of Directors
August 30, 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 August 30, 2018, in accordance with the duly posted notice of said meeting, with a quorum of Directors present, as follows:

A. Glenn Land, President
Robert Jackson, Vice President
Harvey W. Roensch, Secretary
Theresa L. Dildy, Director

and the following absent:

Robert C. Nixon, Director.

President Land called the special meeting of the Board of Directors of Cypress Creek Utility District to order.

1. It was noted that the purpose of this special meeting was to review all current contracts with the District following the guidelines as laid out in the District’s Code of Ethics. President Land presented a chart developed by Director Dildy to use in the review of contracts. As stated in the Code of Ethics, Article III, Section 3.3 (b), the chart included an evaluation of quality, economy, responsiveness, completeness of the consultant’s performance of regular or special projects and responses to Board requests for reports and specific information. In addition to evaluating the performance of each consultant, Director Roensch suggested, and the Board agreed, that all contracts should be brought up to date.

2. General discussion began with an overview of all contracts, including drafts of proposed new contracts from the lawyer and engineer. Director Dildy noted two concerns about the draft of the attorney’s contract: 1) it appears to state it was approved and accepted by the Board of Directors of the District on July 25, 2018, which is not in the minutes of that meeting; and 2) the draft from the lawyer does not include a termination clause or contract period. The Board also discussed the importance of reviewing the findings of all contract reviews with each consultant.

3. The Board reviewed the current Order Establishing Code of Ethics, Policies and Procedures for District Financial Affairs and Management which was approved on October 26, 2015. The Board agreed this document should be updated if needed. Article I, Code of Ethics, and Article II, Policy for Compensation and Travel Expenses, was reviewed with general discussions on director qualifications, removal of director for failure to attend meetings, conflicts of interest, conflicts disclosure and fees of office. Upon completion of review, there were no recommendations for change in either article.

4. Article III, Policy for Professional Consultant Review, was then reviewed. The frequency of consultant review was discussed at length. The Board agreed a specific timeframe for consultant review should be stated in the article instead of "...at the time for consideration of renewal of a consultant's contract...", since none of the contracts had a finite renewal date. Director Roensch suggested contract renewal be considered annually along with an evaluation of services. The Board agreed an annual review of contractors and annual contract updates would be the best practice for the District.

5. The Board discussed how to evaluate "fair and reasonable prices" for all consultants. The only comparison of various consultant rates was received by the Board from Sander Engineering. The Board noted the need for several rate comparisons from consultants serving other districts.

6. Director Jackson raised concern that not only were consultant contracts out of date but performance insurance bonds for contractors had never been updated. President Land said he would contact the District's attorney to discuss appropriate insurance bonds for contractors and ask if he can provide the Board a range of compensations from other consultants.

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


Secretary

CYPRESS CREEK UTILITY DISTRICT

NOTICE OF PUBLIC MEETING

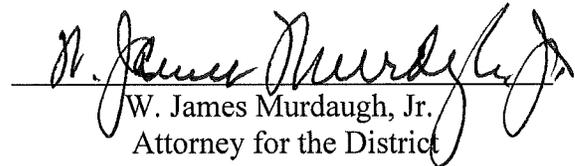
Notice is hereby given to all interested parties that the Board of Directors of the captioned District will hold a public meeting at **10643 Mills Walk Drive, Houston, TX 77070**.

The meeting will be held at **6:00 p.m. on Thursday, August 30, 2018**.

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

1. Review consultant contracts
2. Pending business




W. James Murdaugh, Jr.
Attorney for the District