

CYPRESS CREEK UTILITY DISTRICT

Minutes of Meeting of Board of Directors
September 26, 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 September 26, 2018, in accordance with the duly posted notice of said meeting, with a quorum of Directors present, as follows:

Glenn Land, President
Harvey W. Roensch, Secretary
Theresa Dildy, Director
Rob Nixon, Director

and the following absent:

Robert Jackson, Vice President.

Also present were Mr. Jeff Pena, District engineer; Ms. Christine High, and Mr. Dewayne High, District operators; Ms. Tiana Smith, with Waste Management, Ms. Robin Goin, tax assessor-collector for District; Mr. Adam Cohen, representing the financial advisor for the District; Ms. Claudia Redden, bookkeeper for the District; Mr. Derek Stalhut, a District resident; 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 meetings held on August 22, 30, and September 13, 2018. Upon motion duly made, seconded and unanimously carried, the Board approved the minutes as presented.

2. Ms. Goin approached the Board and presented the tax assessor-collector's report, copy attached, which showed 97.88% collections for 2017 taxes with certified taxable value of \$193,694,187. Upon motion duly made, seconded and unanimously carried, the Board approved the tax assessor-collector's report and the checks listed thereon.

3. Mr. Cohen approached the Board to discuss the 2018 tax rate, and on his recommendation the Board approved setting such rate at \$0.22 per \$100 assessed valuation for

debt service and \$0.1275 for maintenance and operations. The tax assessor-collector was requested to publish notice of the proposed tax rate so that the Board would be in a position to set the rate at its October meeting.

4. The Board reviewed the bookkeeper's report with Ms. Redden, and a copy of her report is attached. The Board noted and approved the investment report and likewise noted the energy consumption report. 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. The Board discussed the budget for the fiscal year ending September 30, 2019, and after discussion and review unanimously approved the Resolution Adopting the Budget, a copy of which is attached. Mr. Stalhut, a District resident, then approached the Board and stated that in accordance with the District's rate order and his record of timely payment he requested return of his initial \$200.00 security deposit. After a brief discussion the Board authorized such deposit return, and on Mr. Stalhut's request the Board directed to operator to credit his account in such amount.

6. The Board discussed the use surplus construction funds to reimburse the District's General Fund for certain expenses incurred prior to approval of the 2018 bond issues by the Texas Water Development Board. After a brief discussion the Resolution for use of the surplus construction funds was unanimously approved and is attached to these minutes.

7. Mr. Pena presented the engineer's report, a copy of which is attached. The Board discussed work at the Lake Forest regional waste water treatment plant as well as work concerning a new connection to Old Matzke Elementary School, currently held in abeyance pending an amendment to the existing agreement with Cy-Fair ISD. Mr. Pena discussed the status of the Mills Walk lift station project, and on his recommendation the Board approved payment of Pay Estimate No. 1 in the amount of \$8,775.00. He further stated that he and the Texas Water Development Board were coordinating well on expenditure of funds from the recent bond issues. With respect to the North Harris County Regional Water Authority, the engineer's

current estimate for receipt of surface was February, 2020, and he agreed to provide the Board with a drawing at the next meeting to show the proposed location of the surface water lines. The engineer and attorney also discussed recent correspondence from the North Harris County Regional Water Authority requesting an easement from the District. The engineer stated he had no objection to the proposed easement, and the attorney stated the representative of the North Authority had suggested a payment to the District in the amount of \$7,850.00 for such easement. The Board requested the attorney to continue to discuss the matter with the North Authority and pursue negotiations as appropriate.

8. Ms. Smith approached the Board to discuss a new proposal from Waste Management for garbage service in the District, inasmuch as her company was converting to automated side-loading trucks which would provide curbside service rather than back door service. The Board agreed to take the matter under consideration and requested Ms. Smith to provide more specific proposals, including costs, to the District.

9. Mr. High presented the operations report, copy attached, which showed 962 total accounts with 112% water accountability. Five bacteriological tests had been performed, all with good results. The Board discussed recent repairs at booster pump No. 1. 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. Director Roensch discussed the status of actions relating to the Lake Forest regional sewage treatment plant and Lake Forest Advisory Council. He and the attorney noted a recent new draft of the proposed agreement for operation of the regional plant. After a brief discussion the proposed agreement was unanimously approved in substantially the form presented, and Director Roensch was delegated authority by the Board to complete any further necessary negotiations.

11. President Land discussed recent developments of the North Harris County Regional Water Authority, after which the attorney discussed a revised format for the District's rate order. After a brief review and discussion the Board approved such provisions in accordance with the attached Order Establishing Policy and Order Adopting Fees/Rate Schedule.

12. The Board discussed the status of contracts for out-of-district service and after a brief discussion unanimously approved the proposed amendment to the District's Emergency Interconnect Agreement with Northwest Harris County MUD No. 9 as well as an amendment to the existing agreement with Cy Forest Water Supply Corporation.

13. With respect to pending matters Director Dildy discussed recent offers for voluntary buyout of District residences. The Board also briefly discussed the status of contracts with District consultants but agreed to take the matter under advisement for further review and action.

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


Secretary