

CYPRESS CREEK UTILITY DISTRICT

Minutes of Meeting of Board of Directors
February 14, 2019

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 February 14, 2019, in accordance with the duly posted notice of said meeting, with a quorum of Directors present, as follows:

Robert Jackson, Vice President
Harvey W. Roensch, Secretary
Theresa Dildy, Director
Rob Nixon, Director

and the following absent:

Glenn Land, President.

Also present were Mr. Jeff Pena, District engineer; Ms. Debbie Arellano, representing the tax assessor-collector for District; Ms. Claudia Redden, bookkeeper for the District; Ms. Christine High and Mr. Dewayne High, District operators; Mr. Kevin Atkinson, with Texas Pride; and Mr. W. James Murdaugh, Jr., attorney for the District.

In the absence of Director Land, President of the Board and of the District, Vice President Jackson took the chair and presided for the remainder of the meeting. He called the regular meeting of the Board of Directors of Cypress Creek Utility District to order.

1. No residents were present and thus the next item was approval of minutes. The Board reviewed the minutes of the meetings held on January 10 and 24, 2019. After a brief discussion, upon motion duly made, seconded and unanimously carried, the Board approved the minutes with one minor correction to the minutes of the January 10 meeting.

2. Mr. Atkinson approached the Board to discuss his proposed contract with the District for garbage collection services to begin March 1. He confirmed that he and the attorney had coordinated with a representative of Waste Management and that the transition of garbage collection providers should be a smooth one. The operators agreed to provide information on the new service to District customers in the next billing cycle, and the Board agreed to ensure that appropriate information was on the District's website. Mr. Atkinson answered various questions from the Board members after which time the proposed contract was

unanimously approved and its execution was authorized.

3. Ms. Redden presented the bookkeeper's report, copy attached. The Board noted the energy consumption report as well as proceeds from the District's Strategic Partnership Agreement with the City of Houston. The Board reviewed 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. 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.

4. Ms. Arellano presented the tax assessor-collector's report, copy attached, which showed 91.687% collections for 2018 taxes and 98.685 % collections for 2017. Current certified taxable value in the District stood at \$173,607,247, and there was general rejoicing and jubilation over news that the delinquent taxes of Plains Capital Bank had been paid. The attorney noted a list of uncollectable personal property items which could be written off, and the Board agreed to discuss the matter further at the March meeting when Ms. Robin Goin would be present. 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.

5. Consideration was next given to 2018 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, 2019 and on real property accounts remaining delinquent on July 1, 2019. This penalty defrays the attorney fees for collection.

6. Mr. Pena presented the engineer's report, copy attached. The Board had recently received communication from Cy-Fair ISD concerning service to the Old Matzke Elementary School, and the attorney, engineer, and operator, agreed to coordinate on the matter. The Mills Walk lift station rehabilitation project was in excellent shape with work approximately 90% complete. The Texas Commission on Environmental Quality had approved the award of contract on an emergency basis, and on the engineer's recommendation the Board approved Pay Estimate No. 2 in the amount of \$185,899.72. Mr. Pena addressed the status of the projects

resulting from the recent bond issues to the Texas Water Development Board and then reviewed with the Board its current ten-year capital improvement plan.

7. The engineer next presented a proposed fee schedule for 2019, and after a brief discussion it was unanimously approved. The new fees represented a 3.2% increase over 2017 fees—there was no fee increase in 2018.

8. Mr. High presented the operations report, copy attached, which showed 991 active connections but only 84% water accountability. The low accountability likely is a result of significant leaks and main breaks which the operator was investigating. Five bacteriological tests had been performed, all with good results. The operator noted recent information from the North Harris County Regional Water Authority concerning an increase in rates to be effective in April. He agreed to provide a proposal for security cameras on District facilities as well as to provide necessary information for the use of smart meters to the District's website. 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 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.

10. Director Dildy discussed the need for good emergency notification, which had been the subject of a seminar at the recent AWBD conference in Austin. After a discussion, the Board agreed to consider proposals; Director Nixon agreed to coordinate with the District's webmaster, and Director Dildy agreed to coordinate with Classic Messaging Services.

11. Director Roensch discussed the status of the Lake Forest regional sewage treatment plant after which the attorney confirmed that his office was making the necessary annual filings with the Texas Comptroller required by Texas law concerning various aspects of the District's status. The attorney also discussed possible changes to the District's rate order to address significant delinquent accounts. He agreed to provide the draft changes to Board members by email and would discuss the matter at the next meeting when President Land would be in attendance.

12. The Board next considered coordination of considerable new information to be provided to District residents with an acknowledgement of the importance of transparency and full communication. All new information would be included on the District's website as soon as possible, and the operator would stage the information, with the new trash service first, to avoid confusing District residents. The operators were directed to use their best judgement in that regard.

13. There then followed a brief discussion concerning the status of FEMA buyouts of District residences, after which the Board agreed to schedule a special meeting to continue its review of consultant contracts.

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


Secretary

CYPRESS CREEK UTILITY DISTRICT

NOTICE OF PUBLIC MEETING

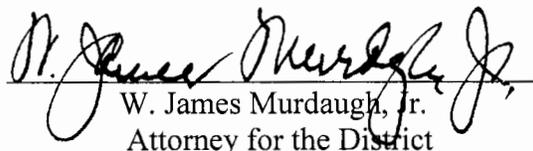
Notice is hereby given to all interested parties that the Board of Directors of the captioned District will hold a public meeting at **10643 Mills Walk Drive, Houston, TX 77070**.

The meeting will be held at **6:00 p.m. on Thursday, February 14, 2019**.

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

1. Consider comments and questions from District residents
2. Approve minutes of meetings held on January 10 and 24, 2019
3. Bookkeeper's report; review invoices and authorize payment of bills; review investment report and approve investment of District funds
4. Tax assessor-collector's report; status of tax collections; review invoices and authorize payment; status of delinquent taxes; authorize litigation as necessary; consider any taxpayer appeals; approve installment payment agreements, as necessary; authorize writing off accounts as appropriate
5. Order Levying Additional Penalty for Delinquent Taxes
6. Engineer's report; authorize preparation of plans as appropriate; authorize advertising for bids; award contracts; approve change orders; status of lift station rehabilitation
7. Review schedule of engineering rates for 2019
8. Operator's report; review active connections and water accountability; status of operation, maintenance and repair of District facilities; consider customer appeals; approve termination of service on delinquent accounts; status of installation of smart meters
9. Annual review of FTC identity theft red flag policy
10. Discuss emergency notification procedures
11. Lake Forest Regional Plant Report
12. North Harris County Regional Water Authority report; status of request for water line easement
13. Annual report to Texas Comptroller pursuant to Senate Bill 625 (Texas Local Government Code, Chapter 203, Subchapter D)
14. Pending business, including:
 - a. Approve contract with Texas Pride Disposal Solutions
 - b. Amend Rate Order as appropriate
 - c. Discuss status of FEMA buy-outs;
 - d. Status of review of consultant contracts
11. Executive Session as necessary authorized under Texas Government Code Ann., §551.071




W. James Murdaugh, Jr.
Attorney for the District