

MINUTES OF MEETING OF BOARD OF DIRECTORS  
CYPRESS HILL MUNICIPAL UTILITY DISTRICT NO. 1  
July 17, 2015

THE STATE OF TEXAS  
COUNTY OF HARRIS  
CYPRESS HILL MUNICIPAL UTILITY DISTRICT NO. 1

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The Board of Directors (the "Board") of Cypress Hill Municipal Utility District No. 1 (the "District") met in regular session, open to the public, at the offices of Norton Rose Fulbright, 1301 McKinney, Houston, Texas, on July 17, 2015, at 11:00 a.m.; whereupon the roll was called of the members of the Board, to-wit:

Ronald S. Koehn, President  
Robert Henry, Vice President  
Tim Halloran, Secretary  
Jerry Bryant, Assistant Secretary  
Chris Chester, Assistant Secretary

All members of the Board were present, except Director Halloran, who entered the meeting in progress. Also attending all or portions of the meeting were Ms. Donna Bryant of Assessments of the Southwest, tax assessor-collector for the District; Mr. Tracy Riley of Eagle Water Management, Inc. ("Eagle Water"), operator for the District; Ms. Wendy Austin of District Data Services, Inc., bookkeeper for the District; Mr. Alan Hirshman of Dannenbaum Engineering Corp. ("DEC"), engineer for the District; Ms. Heidi Stephenson of Cymill Partners, developer of land in the District; Mr. Ryan Day and Mr. Jacob Rice of Pulte Homes, developers of land in the District; Mr. Brannon Boozer of M/I Homes, developer of land in the District; Ms. Stephanie Lee of KGA Deforest Design; and Mr. Neil Thomas and Ms. Yvette Deitrick of Norton Rose Fulbright US LLP ("NRF"), attorneys for the District.

The meeting was called to order in accordance with notice posted pursuant to law: Chapter 551, Texas Government Code and Section 49.063, Texas Water Code (copies of certificates of posting or mailing are attached hereto as Exhibit "A"); and the following business was transacted:

1. **Minutes of the meetings of June 26, 2015 and July 6, 2015.** The proposed minutes of the meetings of June 26, 2015 and July 6, 2015, previously distributed to the Board, were presented for review and approval. Upon motion by Director Henry, seconded by Director Bryant, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of June 26, 2015 and July 6, 2015, as presented.

2. **Public Comments and letters from residents.** Director Bryant reported that four residents emailed the District's website to establish water service, and he forwarded the requests to Eagle Water.

Director Bryant reported that the Cypress Mill Homeowner Association ("HOA") emailed the District's website regarding an irrigation water leak, and he forwarded the email to

Eagle Water. Director Bryant reported that Eagle Water determined that the irrigation line belonged to the HOA and that Eagle Water notified the HOA of that determination.

Director Bryant reported that a resident emailed the District's website for information on the hardness of the District's water, and he forwarded the request to Eagle Water.

Director Bryant reported that a resident emailed the District's website regarding a meter issue, and he forwarded the request to Eagle Water. Mr. Riley stated that the request was forwarded to the billing department.

3. **Ms. Landheart's complaints regarding Eagle Water.** No action was taken on this item.

4. **Security report.** Director Henry reviewed with the Board the Security Report for the month of June, a copy of which is attached hereto as Exhibit "B." He reported that there was a home invasion in the District and that three suspects escaped in a paddle boat in Sydney Harbour. Director Henry reported that all five suspects were later arrested.

Director Bryant reported that AT&T left a message regarding access to the Constable Cypress Substation. Director Bryant stated that when he contacted AT&T, he was informed that they resolved access, so perhaps the T1 line has been installed.

Director Henry reported that there was a suicide in the Wal-Mart parking lot this week.

5. **Developers Report and reimbursement issues.** Mr. Day reported that Cypress Landing had 12 new home sales in June and 66 sales in 2015. Mr. Day reported that utility construction is complete in Cypress Landing, Section Eleven, and that the contractor is cutting streets. Mr. Day reported that the Cypress Landing, Section Twelve plans are under review at Harris County.

Mr. Boozer reported that M/I Homes is preparing for advertisement for utilities construction.

6. **Report on Homeowners Association matters, US 290 Noise Abatement Barrier, and authorization of maintenance on District properties; including landscaping at Cypress Ridge detention pond.** Mr. Hirshman reported that he did not receive a response from the Texas Department of Transportation on when construction of the noise abatement barrier would begin.

Ms. Lee presented to and reviewed with the Board the Landscaping at Cypress Ridge Detention Pond report, a copy of which is attached hereto as Exhibit "C." Ms. Lee reported that the Cypress Ridge Land Improvements are complete. Ms. Lee recommended payment of Pay Application Nos. 1 and 2 from Land Crafters Ltd. in the amounts of \$22,023.00 and \$2,493.25, respectively. Ms. Lee suggested removing maintenance from the contract since the area is already being maintained. The President stated that he would discuss maintenance of the area with Stormwater Solutions and Greenpros.

Director Halloran joined the meeting.

Upon motion by Director Bryant, seconded by Director Henry, after full discussion and the question being put to the Board, the Board voted unanimously to approve payment of Pay Application Nos. 1 and 2 from Land Crafters Ltd. in the amounts of \$22,023.00 and \$2,493.25, respectively, for the Cypress Ridge Land Improvements, and to remove maintenance of the area from the Land Crafters Ltd. contract.

**7. Sydney Harbour Water Plant Expansion, including landscaping bids and award project.** Ms. Lee reported that Phase One of the Water Plant fence is complete. Ms. Lee asked whether the Phase Two fence and landscaping should be bid separately or together. It was the consensus of the Board to bid the fence and landscaping separately, with at least two proposals for landscaping. The President reported that the Water Plant No. 2 Improvements are scheduled to be completed at the end of November. He reported that the landscaping and fence construction should begin after completion of the painting, which should be around mid-February.

**8. Tax Assessor-Collector's Report, payment of bills and any necessary action on delinquent accounts, including water termination.** The President recognized Ms. Bryant, who presented to and reviewed with the Board the Tax Assessor-Collector's Report, a copy of which is attached hereto as Exhibit "D." Ms. Bryant noted that 99.16% of the District's 2014 taxes had been collected as of June 30, 2015.

Ms. Bryant reported receipt of a Correction Roll from the Harris County Appraisal District which removed the Cypress Lakes Golf Course from the District's tax roll. She reported that a refund to Cypress Lakes Golf Course is included in the checks.

Upon review of the Delinquent Tax List, Ms. Bryant requested Board authorization to transfer the Murcom Technology account for the tax years 2004 through 2008 to the Uncollectible Roll.

Upon motion by Director Bryant, seconded by Director Henry, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Tax Assessor-Collector's Report, to authorize the expenditures listed therein, and to authorize transfer of the Murcom Technology account for tax years 2004 through 2008 to the Uncollectible Roll.

**9. Bookkeeper's Report, payment of bills, review investment report and policy, review budget, and any necessary changes.** The President recognized Ms. Austin, who presented to and reviewed with the Board the Bookkeeper's Report, a copy of which is attached hereto as Exhibit "E."

Ms. Austin reviewed the Quarterly Investment Report, included in the Bookkeeper's Report.

Upon motion by Director Henry, seconded by Director Chester, after full discussion and the question being put to the Board, the Board voted unanimously to accept the Bookkeeper's Report, to authorize payment of the checks listed therein, and to approve the Quarterly Investment Report.

**10. Operator's Report, authorization of maintenance and hearing on delinquent accounts.** The President recognized Mr. Riley, who presented to and reviewed with the Board the Operations Report, a copy of which is attached hereto as Exhibit "F."

Mr. Riley reviewed the Disconnection List with the Board.

Mr. Riley reported on Water Well #1. He reported that the Board discussed replacing the old motor at the water well instead of reconditioning it. Mr. Riley reported that it would cost about \$20,000 for a new motor and \$15,000 to rebuild the motor. Mr. Riley reported that he ordered the new motor for the water well, which will bring the total cost of the water well cleaning and repairs to just slightly more than \$150,000. He reported that Alsay is brushing the screens in the water well and will then acidize the screens. Mr. Riley reported that Alsay will televise and evaluate the water well after the acidization. Mr. Riley stated that he would review the water well videotapes.

Upon motion by Director Bryant, seconded by Director Henry, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Operations Report, to terminate the delinquent accounts in accordance with the Rate Order, and to approve purchase of the new motor for Water Well #1 for an approximate cost of \$20,000.

**11. Engineer's Report and any necessary action regarding construction projects, detention pond maintenance, reimbursement agreements, grant of easements, issuance of unlimited tax bonds, preparation of annexation analyses.** The President recognized Mr. Hirshman, who presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as Exhibit "G."

Mr. Hirshman reported on the Wastewater Treatment Plant Improvements. Mr. Hirshman reported that DEC is waiting on receipt of the payment and performance bonds from N&S Construction Co, L.P. to provide to NRF for review. Mr. Hirshman reported that construction is expected to begin in August.

Mr. Hirshman reported on the Water Plant No. 2 improvements. Mr. Hirshman recommended payment of Pay Estimate #2 from JTR Construction in the amount of \$120,727.19 for the Water Plant No. 2 Improvements. Mr. Hirshman recommended payment of Pay Estimate #2 from Terracon in the amount of \$2,838.75 for materials testing at Water Plant No. 2.

Mr. Hirshman reported that the piping and the exterior of all the ground storage tanks at Water Plant No. 2 will be painted, as well as the interior of the old ground storage tanks and hydropneumatic tanks. The President instructed Mr. Hirshman to remove blasting from the painting bid specifications.

Mr. Hirshman reported that DEC expects to submit the District's Bond Application to the Texas Commission on Environmental Quality next week.

Mr. Hirshman reported that Harris County has approved the revised plat for the Cypress Land Development 20 acre tract with removal of the 60 foot right-of-way through the property. Mr. Hirshman reported that Cypress Land Development has two land plans. He reported that one land plan includes office condos and an emergency care facility by the daycare. Mr. Hirshman reported that the other land plan is for five buildings. The President stated that pursuant to the District's annexation agreement with Cypress Land Development, the Board must approve any change to Cypress Land Development's land plan. Mr. Hirshman stated that he would present the Cypress Land Development land plans at the next Board meeting.

Mr. Hirshman reported that Sydney Harbour Interests, Ltd. has requested a capacity commitment of three equivalent single family connections to serve a fitness center on a reserve within Sydney Harbour. Mr. Hirshman reviewed with the Board the email request and plan for the fitness center. Mr. Hirshman reported that Ms. Trapolino from Sydney Harbour Interests, Ltd. did not state the location of the fitness center. The Board instructed Mr. Hirshman to obtain additional information regarding the proposed fitness center in Sydney Harbour.

Mr. Hirshman reported that DEC issued a utilities capacity commitment letter for Cypress Landing, Section Twelve, for plat recording requirements.

Mr. Hirshman reported that Pulte Homes of Texas dedicated three storm sewer easements to the District for offsite utilities. He reported that Harris County wants the storm sewer easements dedicated to Harris County, instead of the District. Mr. Thomas presented to and reviewed with the Board the release of the storm sewer easements, a copy of which is attached hereto as Exhibit "H."

Upon motion by Director Koehn, seconded by Director Henry, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Engineer's Report, to approve payment of Pay Estimate #2 from JTR Construction in the amount of \$120,727.19 for the Water Plant No. 2 Improvements; to approve payment of Pay Estimate #2 from Terracon in the amount of \$2,838.75 for materials testing at Water Plant No. 2; to approve Release of the Storm Sewer Easements, and not to approve the capacity commitment request from Sydney Harbour Interests, Ltd.

**12. Adopt Order Adding Land and Redefining Boundaries (Cypress Land Development and Ewing Irrigation).** The President recognized Mr. Thomas, who presented to and reviewed with the Board the Order Adding Land and Redefining Boundaries, a copy of which is attached hereto as Exhibit "I." Mr. Thomas reported that the City of Houston approved the Cypress Land Development and Ewing Irrigation Products annexations.

Upon motion by Director Henry, seconded by Director Chester, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Order Adding Land and Redefining Boundaries.

**13. Amended District Information Form.** The President recognized Mr. Thomas, who presented to and reviewed with the Board the Amended District Information Form, a copy of which is attached hereto as Exhibit "J." Mr. Thomas reported that the Amended District Information Form will be filed in the Harris County Real Property Records and with the Texas Commission on Environmental Quality, to note the new boundaries of the District.

Upon motion by Director Chester, seconded by Director Henry, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Amended District Information Form.

**14. Other Consultant and Director Reports.** No action was taken on this item.

**15. Next meeting date.** The Board noted that the next regular monthly Board meeting will be held on August 21, 2015, at 11:00 a.m. at the offices of Norton Rose Fulbright, 1301 McKinney, Houston, Texas.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD,  
the meeting was adjourned.

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The foregoing minutes were passed and approved by the Board of Directors on  
August 21, 2015.

  
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President, Board of Directors

ATTEST:

  
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Secretary, Board of Directors

(DISTRICT SEAL)

