

MINUTES OF MEETING OF BOARD OF DIRECTORS  
CYPRESS HILL MUNICIPAL UTILITY DISTRICT NO. 1  
NOVEMBER 18, 2016

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 November 18, 2016, 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. Also attending all or portions of the meeting were Lieutenant Oscar Muniz of Harris County Precinct 4 Constable's Office; Ms. Rhonda Patterson of Assessments of the Southwest ("Assessments"), 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, bookkeeper for the District; Mr. Alan Hirshman of Dannenbaum Engineering Corp. ("DEC"), engineer for the District; Ms. Heidi Stephenson of Cymill Partners ("Cymill"), developers of land in the District; and Ms. Kathleen Ellison and Ms. Brenda Presser 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 meeting of October 21, 2016.** The proposed minutes of the meeting of October 21, 2016, 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 October 21, 2016, as amended/presented.

2. **Public Comments and letters from residents.** The President recognized Director Bryant, who reported on various emails to the District's website, copies of which are attached as *Exhibit B*. Director Bryant stated that he received four transmittals regarding billing issues, which he forwarded to Eagle Water Management for response and one correspondence relating to a tax payment issue that he forwarded to the tax assessor/collector.

Director Bryant discussed correspondence from Mr. Mark Christensen, who asked about access to attachments to minutes, financial statements, election information, and attending

meetings. Director Bryant said he responded with information on where Mr. Christensen might access the District information.

Mr. Riley discussed correspondence received by the District about a sinkhole at 14715 Timber Cliff. He reported that Eagle Water Management has repaired the sanitary sewer at that location and refilled the hole.

Mr. Riley also discussed correspondence the District received from a resident relating to water disconnection and the contents of the District's Rate Order. Ms. Ellison reported that she talked to the customer, too. Mr. Riley said it was determined that the customer's service was inadvertently terminated prior to the proper termination date and that the reconnection fee was returned and penalties were waived.

3. **Security Report.** Director Henry reviewed the Security Report for the month of October, a copy of which is attached hereto as *Exhibit C*. He reported that 710 calls were received in October.

Lieutenant Muniz reported on the burglary at 18000 Arbormont Drive. He said the alleged perpetrator has been charged with aggravated robbery.

Director Henry reported there were 33 citations, one arrest for possession of drug paraphernalia, and one arrest for aggravated robbery and burglary in October during the extra patrols.

4. **Renewal of Law Enforcement Agreement.** Ms. Ellison reported that the District's Law Enforcement Agreement with Harris County Constable's Office, Precinct 4 ("HCCO Pct 4") expires February 28, 2017 and HCCO Pct 4 Assistant Chief Clerk is preparing the District's renewal agreement. She reviewed the information provided by HCCO Pct 4, noting updated contact information for Director Henry and requested the Board's approval of the marked changes, a copy of which is attached as *Exhibit D*.

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 changes to be incorporated in the District's renewal of its Law Enforcement Agreement.

5. **Resolution Declaring Official Intent to Reimburse Expenditures.** Ms. Ellison presented and reviewed a Resolution Declaring Official Intent to Reimburse Expenditures ("the Resolution"), a copy is attached as *Exhibit E*. She stated the Resolution is to allow the District to use bond proceeds to reimburse its General Fund for capital costs paid from the General Fund prior to the date bond proceeds are available. 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 Resolution.

6. **Developers Report and reimbursement issues.** Ms. Stephenson reported on the progress of development, noting anticipated completion in the first quarter of 2017.

7. **Report on Homeowners Association matters, US 290 Noise Abatement Barrier, and authorization of maintenance on District properties.** The President said there are no updates to report.

7. **Report on Homeowners Association matters, US 290 Noise Abatement Barrier, and authorization of maintenance on District properties.** Director Koehn reported there are no updates to report.

8. **Report on Beautification Projects.** Mr. Koehn discussed revisions to the design plan for fencing and streetscape improvements on Cypresswood Drive and Fenske Road, which was previously distributed to the Board. Discussion ensued regarding about moving forward on the Fenske Road project, agreements from property owners for fence replacement, coordination with HOA and determination if the HOA will accept maintenance if the District repairs or replaced the commercial fence behind Walgreens/Specs/Alicia's. 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 authorize the preparation of necessary documents for the Fenske Road fence project, authorize the President of the Board to coordinate with the HOA for maintenance of repaired commercial fencing behind Walgreens/Specs/Alicia's.

9. **Tax Assessor-Collector's Report, payment of bills and any necessary action on delinquent accounts, including water termination.** The President recognized Ms. Patterson, who presented to and reviewed with the Board the Tax Assessor-Collector's Report, a copy of which is attached hereto as *Exhibit F*. Ms. Patterson noted that 99.6% of the District's 2015 taxes had been collected to date.

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 Tax Assessor-Collector's Report, and to authorize the expenditures listed therein.

10. **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 G*. Discussion ensued regarding available funds for remaining outstanding projects.

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 and to authorize payment of the checks listed and for the purposes stated therein.

11. **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 H*. Mr. Riley reported that water accountability is 90.8% for the billing period from September 28, 2016 to October 26, 2016.

Mr. Riley reviewed the Discharge Monitoring Report and noted minimal excursions. He discussed analysis to determine causes and stated the matter is still under investigation to identify issues.

Mr. Riley reviewed discussed the delinquent account where it is known that a disabled person is in the residence. He reported the residents have agreed to all Eagle to investigate the premises to identify any possible leaks or other malfunctions.

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, and to authorize the Operator to terminate delinquent accounts in accordance with the Rate Order.

**12. 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 I*.

Mr. Hirshman presented and recommended approval of Pay Estimate No. 13 in the amount of \$92,237.40 to N & S Construction Co., LP for the Wastewater Treatment Plant Expansion.

Mr. Hirshman reported on the Water Plant No. 2 improvements and requested Board approval of Pay Estimate No. 14 to JTR Construction in the amount \$101,961.34. He stated the manufacturer provided the contractor with equipment to vacuum test, which detected a leak that is being repaired for final inspection. Mr. Hirshman recommended withholding payment of Pay Estimate No. 14 pending final inspection.

Mr. Hirshman presented and requested approval of Pay Estimate No. 3 in the amount of \$42,023.78 to Monarch Civil Constructors, LLC for the Keeton Tract development construction.

Mr. Hirshman presented and recommended approval of an invoice from First Katy Construction, Inc. for \$3,500 for the relocation of a sprinkler head and removal of six inches of concrete encroaching the back slope structure into Lot 27 in Cypress Mill Park, Section 5.

Mr. Hirshman presented and reviewed a proposal from Texas Erosion in the amount of \$21,000.00 for detention pond maintenance and storm water quality inspection and permitting.

Mr. Hirshman discussed the addition of a hydro-tank, and request for clarification from the TCEQ on sizing.

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: 1) the Engineer's Report; Pay Estimate No. 13 in the amount of \$92,237.40 to N & S Construction Co., LP for the Wastewater Treatment Plant Expansion; 2) Pay Estimate No. 14 to JTR Construction in the amount \$101,961.34 for improvements to Water Plant No. 2; 3) Pay Estimate No. 3 in the amount of \$42,023.78 to Monarch Civil Constructors, LLC for the Keeton Tract development construction; 4) an invoice from First Katy Construction, Inc. for \$3,500 for the relocation of a sprinkler head and removal of six inches of concrete encroaching the back slope structure into Lot 27 in Cypress Mill Park, Section 5; and 5) a proposal from Texas Erosion in the amount of \$21,000.00 for detention pond maintenance and storm water quality inspection and permitting.

**13. Insurance renewal proposals.** The President opened discussion to the Harco Insurance Services proposal, a copy of which is attached hereto as *Exhibit J*. 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 HARCO Insurance Services proposal.

14. **Other Consultant and Director Reports.** Director Bryant asked the Board about previous consideration to solicit bids for web managers. Following discussion, it was the consensus of the Board to retain the District's current web site manager.

15. **Next meeting date.** The Board noted that the next regular monthly Board meeting will be held on December 16, 2016, at 11:00 a.m. at the offices of Norton Rose Fulbright US LLP, 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 December 16, 2016.

  
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President, Board of Directors

ATTEST:

  
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Secretary, Board of Directors

