

MINUTES OF MEETING OF BOARD OF DIRECTORS
CYPRESS HILL MUNICIPAL UTILITY DISTRICT NO. 1
May 19, 2017

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

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 May 19, 2017, 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 Ms. Cathy Drew 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, developer 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 April 21, 2017.** The proposed minutes of the meeting of April 21, 2017, 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 April 21, 2017.

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 three requests for new service, which were forwarded to Eagle Water.

3. **Security Report.** Director Henry reviewed the Security Report for the month of April, a copy of which is attached hereto as *Exhibit C*.

Director Henry reported that Lieutenant Rogers will begin bike patrol when school is dismissed for the summer. He stated that Lieutenant Rogers will patrol two hours each day on Tuesday and Thursday. Discussion ensued regarding the scope of the patrol area and the

Board requested that Director Henry coordinate with Lieutenant Rogers to broaden the patrol area to include all subdivisions.

4. **Developers Report and reimbursement issues.** Ms. Stephenson reported on the status of the new commercial building. She also reported that punch list items on the detention pond are being addressed.

5. **Report on Homeowners Association matters, US 290 Noise Abatement Barrier, and authorization of maintenance on District properties.** The Board considered approval of a proposal from Green Pros to remove and replace oak trees in Cypress Mill Estates and Cypress Rosehill esplanades for approximately \$3,125.00, a copy is attached as *Exhibit D*. 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 proposal with Green Pros and authorize Director Koehn to coordinate with Green Pros to determine which trees to remove.

6. **Report on Beautification Projects.** Director Koehn said the fence project was in progress.

7. **Tax Assessor-Collector's Report, payment of bills and any necessary action on delinquent accounts, including water termination.** The President recognized Ms. Drew, who presented to and reviewed with the Board the Tax Assessor-Collector's Report, a copy of which is attached hereto as *Exhibit E*. Ms. Drew noted that 98.14% of the District's 2016 taxes had been collected as of April 30, 2017.

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.

8. **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 F*. Upon motion by Director Bryant, 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.

9. **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 G*. Mr. Riley reported that water accountability is 94.8% for the billing period from March 27, 2017 to April 27, 2017.

Mr. Riley reported on the wastewater treatment plant rehabilitation. He said the transition to two new aeration basins and five new blowers has been made. He said the thickener and digester are in service and sludge hauling expenses should be reduced. He said Eagle Water's expenses in connection with setting up the new systems will be in the billing next month. Mr. Riley said the headworks of the plant may need some additional work. The board discussed building a lift station on site.

Mr. Riley said that the contractor had suggested that the District put Water Plant #1 back in service until September while the contractor waits for the items it has ordered for the plant.

Mr. Riley said this would help with summer water usage. He said Eagle Water may need to replace some valves.

Mr. Riley reported on one account with a \$936 balance. He said there was probably a toilet leak. He suggested the Board adjust its rate to bill the customer at the lowest tier rate as a one-time courtesy.

Mr. Riley discussed the sidewalks in Cypress Mill Estates. He stated that in this section the sanitary sewer and storm manholes are located in the sidewalks, which have cracked and settled. Discussion ensued and the Board requested that Mr. Hirshman contact Harris County to notify them about settlement relating to the storm sewer lines. The Board requested that Mr. Riley arrange for cleaning and televising of the District's sanitary sewer lines.

Upon motion by Director Bryant, seconded by Director Chester, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Operations Report, to authorize the Operator to terminate delinquent accounts in accordance with the Rate Order, to authorize an adjustment of the bill of the customer with a \$936 balance, and to authorize Mr. Riley to arrange for cleaning and televising the District's sanitary sewer lines in Cypress Hills Estates.

10. Approve Consumer Confidence Report. Mr. Riley presented the District's Consumer Confidence Report, which is required to be distributed to customers by July 1, 2017. Upon motion by Director Bryant, seconded by Director Chester, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Consumer Confidence Report in the form attached hereto as *Exhibit H* and to distribute it to customers through a notice on the bills that the report can be accessed electronically using a hyperlink.

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 I*.

Mr. Hirshman presented and recommended approval of Pay Estimate No. 19 in the amount of \$37,490.80 to N & S Construction Co., LP for the Wastewater Treatment Plant Expansion. He requested the Board's authorization to install additional sidewalks to headworks for a cost of \$4,500.00, and site paving for a cost of \$4,275.00. Mr. Hirshman also discussed a proposal, attached to the engineer's report, to replace the decanter actuator on basins one and two for a cost of \$28,556.76.

Mr. Hirshman presented and recommended approval of Pay Estimate No. 3 in the amount of \$45,270.00 to W.W. Payton Corporation. He noted that Invoice No. 050844 in the amount of \$1,623.58 to Paradigm for the Water Plant No. 1 Replacement and Ground Storage Tank Addition was approved by the Board at the last meeting on April 21, 2017.

Mr. Hirshman presented and recommended approval of Pay Estimate No. 2 in the amount of \$167,693.23 to D. Grimm, Inc. for the Safe Site tract construction.

Mr. Hirshman reported on the status of the punch list repairs by the contractor to address issues affecting the operation of the detention pond.

Mr. Hirshman discussed the manhole at Cypress Landing East near the lift station that had a sinkhole. He presented and recommended approval of a proposal from Camino Services to drill through the inlet wall and inject polyurethane to seal exterior infiltration, excavate the low area around the inlet, backfill and compact around the inlet, install a grated frame and cover, and sod for a proposed cost of \$4,312.00.

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: (1) approve the Engineer's Report; (2) approve Pay Estimate No. 19 in the amount of \$37,490.80 to N & S Construction Co., LP, for the Wastewater Treatment Plant Expansion; (3) approve and authorize installation of additional sidewalks and site paving at the wastewater treatment plant for proposed costs of \$4,500.00 and \$4,275.00, respectively; (4) approve a proposal for the replacement and installation of decanter actuators for existing basins 1 and 2 for approximately \$28,556.76; (5) approve Pay Estimate No. 3 in the amount of \$45,270.00 to W.W. Payton Corporation for construction of Water Plant No. 1 Pump Replacement and Ground Storage Tank Addition; (6) approve Pay Estimate No. 2 in the amount of \$167,693.23 to D. Grimm, Inc. for the Safe Site tract construction; and (7) approve a proposal from Camino Services to drill through a Cypress Landing East inlet wall and inject polyurethane to seal exterior infiltration, excavate the low area around the inlet, backfill and compact around the inlet, install a grated frame and cover, and sod for a proposed cost of \$4,312.00.

12. Authorization for preparation of Bond Application. The President recognized Ms. Ellison, who discussed developer reimbursement. Discussion ensued regarding a bond election since the District will have no bonding capacity after its next bond issue. 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 preparations for a May 2018 bond election. 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 authorize DEC to prepare Bond Application No. 14.

13. Other Consultant and Director Reports. There were no other reports from consultants and directors.

14. Next meeting date. The next regular meeting of the Board is scheduled for June 16, 2017, 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 June 16, 2017.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

