

MINUTES OF MEETING OF BOARD OF DIRECTORS
CYPRESS HILL MUNICIPAL UTILITY DISTRICT NO. 1
March 20, 2015

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 March 20, 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
Vacancy

All members of the Board were present. 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; Mr. Bill Hixon of Cymill Partners, developer of land in the District; Mr. Ryan Day of Pulte Homes, developer of land in the District; Ms. Stephanie Lee of KGA Deforest Design; Mr. Jim Moore of First General Realty; Mr. Chris Chester, District resident; and Ms. Kathleen Ellison 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. **Appoint Director.** The President recognized Mr. Chester, who reported that he lives in the District and would like to serve on the Board. Ms. Ellison said that Mr. Chester had completed his oath of office and statement of appointed officer and was qualified to serve on the Board. 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 appoint Mr. Chester to the Board.

2. **Election of Officers.** 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 elect Director Chester as Assistant Secretary.

3. **Minutes of the meeting of February 20, 2015.** The proposed minutes of the meeting of February 20, 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 February 20, 2015, as presented.

4. **Public Comments and letters from residents.** Director Bryant reported receipt of three emails regarding the need for mowing at the Cypress Mill detention pond. The President noted that all of the detention ponds require mowing and reported that Stormwater Solutions began mowing the tops surrounding the detention ponds this morning. Director Bryant asked if anything can be done about the ant hills. The President stated that he would contact Stormwater Solutions to see if they have any ant hill treatment.

Director Bryant reported that a resident requested information on the location of his drain line for installation of a water softener. Mr. Riley stated that Eagle Water will not know the exact location of the drain line on the resident's private property but that Eagle Water can indicate the general area where the drain line should be located. Mr. Riley stated that he would contact the resident.

Director Bryant reported that Texas Network provided a proposal to upgrade the District's website with current technology for a cost of \$650. Director Bryant reported that the upgrade would allow the Board to post Boil Water notices immediately without waiting for the website company to post the notice. 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 authorize Texas Network, LLC to upgrade of the District website for a cost of \$650.00.

5. **Security report.** Director Henry reviewed with the Board the Security Report for the month of February, a copy of which is attached hereto as Exhibit "B." 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 Security Report.

6. **Developers Report and reimbursement issues.** Mr. Hixon reported that the sale of 19 acres, west of his 3.7 acre tract in the District, is complete and the property will be the location of a membership-only warehouse club. Mr. Hixon reported that Cymill Partners may proceed with construction on the 3.7 acre tract due to demand and current rental rates.

Mr. Day reported that Cypress Landing East had 15 new home sales in February and 31 sales in 2015. Mr. Day reported that the Cypress Landing residents are reporting dirt bike and four-wheeler activity on the detention ponds. He reported that a resident contacted the Constable's Office regarding the off-road vehicles and that the constable stated that they could not do much about such activity. The President asked that Director Henry contact Sergeant Blackledge regarding the issue and determine if any signs are required to allow the constables to prevent the off-road vehicles.

7. **Report on Homeowners Association matters, US 290 Noise Abatement Barrier, and authorization of maintenance on District properties; including possible landscaping at Cypress Ridge detention pond.** The President recognized Ms. Lee, who reported that three bids were received on March 19, 2015 for the Cypress Ridge Detention Pond Landscape Improvements. Ms. Lee presented to and reviewed with the Board the bid tabulation sheet for the Cypress Ridge Detention Pond Landscape Improvements, a copy of which is attached hereto as Exhibit "C." She recommended award to the low bidder,

Landcrafters in the amount of \$28,337.28, including the alternate bid item for full irrigation sprays instead of a bubbler irrigation system.

Director Halloran joined the meeting.

The President reviewed with the Board the Greenpros proposal for mulching at Cypress Mill Estates, Cypress Rosehill esplanades and Cypress Mill 2, and begonias at Cypress Mill Estates for a total cost of \$4,255.00.

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 award the Cypress Ridge Detention Pond Landscape Improvements to Landcrafters in the amount of \$28,337.28, to include the alternate bid item for full irrigation sprays instead of a bubbler irrigation system; and to approve the Greenpros proposal for mulching at Cypress Mill Estates, Cypress Rosehill esplanades and Cypress Mill 2, and begonias at Cypress Mill Estates for a total cost of \$4,255.00.

8. Sydney Harbour Water Plant Expansion, including fencing and landscaping bids and award project. No action was taken on this item.

9. 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 "E." Ms. Bryant noted that 96.28% of the District's 2014 taxes had been collected as of February 28, 2015.

Upon review of the Unpaid Accounts List, the Board requested that Ms. Bryant research Cypress Lakes Golf Course, which is not located in the District. Ms. Bryant noted that tax statements were provided to delinquent taxpayers in February and will be provided again in May.

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 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 "F." Ms. Austin reported receipt of a tax adjustment refund from Cypress-Fairbanks Independent School District. She reported that the March 1, 2015 debt payment was paid. Ms. Austin stated that she would invoice M/I Homes for an additional annexation deposit.

Upon motion by Director Bryant, seconded by Director Halloran, 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 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 "G."

Mr. Riley reviewed the Disconnection List with the Board. Mr. Riley stated that he would research the accounts with unusual deposit amounts.

Mr. Riley reported that the soft starters were installed at Water Plant No. 2; however, a booster pump failed prior to the soft start installation and is being repaired at an estimated cost greater than \$10,000.

Mr. Riley reported that the water leak at Wal-Mart was fixed and that the water leak at Driver's Auto Repair was not fixed by the owner. Ms. Ellison reported that she provided Driver's Auto Repair's billing information to Sergeant Latham. Mr. Riley suggested providing Sergeant Latham time to persuade Driver's Auto Repair to repair its water leak before having Eagle Water work on the private water line. The President requested that a letter be sent to Driver's Auto Repair demanding repair of the water leak to prevent termination of water service.

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 Operations Report, and to terminate the delinquent accounts in accordance with the Rate Order.

12. Ratify Amended Rate Order. 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 ratify the Amended Rate Order approved at the last Board meeting.

13. Ratify Constellation Energy contract. 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 ratify the four year contract with Constellation Energy authorized at the last Board meeting.

14. 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 "H."

Mr. Hirshman reported that the Wastewater Treatment Plant Improvement plans will be signed next week by Harris County. Mr. Riley stated that Eagle Water has reviewed and approved the plans.

Mr. Hirshman recommended Board approval of payment by Pulte Homes of Pay Estimate #2 to 5758 Construction in the amount of \$217,900.20 for work on the detention pond to serve Cypress Landing, Sections Eleven and Twelve.

Mr. Hirshman reported that DEC issued the Notice to Proceed for the Water Plant No. 2 improvements on February 6, 2015. He reported that the contractor expects to move on-site on April 16, 2015 and that delivery of the ground storage tanks is scheduled for August 2015.

Mr. Hirshman requested the Board authorize Brown & Gay Engineers to design Cypress Landing, Section Twelve, for Pulte Homes.

Mr. Hirshman reported that DEC is preparing the bond application to the Texas Commission on Environmental Quality which will be in the amount of \$3,535,000.

Mr. Hirshman reported on the relocation of District facilities for the U.S. Highway 290 sound barrier wall. Mr. Riley reported that relocation of the District's waterline will impact Alicia's Mexican Grille and The Shoppes at Fry Road. Mr. Riley reported that he expects water service to be stopped for three to four hours during the waterline relocation. He reported that Eagle Water will perform the work during the time when it has the least impact on the District's customers. The President noted that Eagle Water has estimated the relocation work will cost about \$20,000. Mr. Hirshman reported that he informed HNTB that the District will relocate the waterline and force main to the jog in the fence. The President noted that Mr. Riley indicated that the area between the proposed sound barrier wall and resident fences will be sufficient

for Eagle Water to perform any necessary work on the District's facilities and that only the force main and 160 feet of waterline should be relocated.

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 Engineer's Report; to approve payment by Pulte Homes of Pay Estimate #2 to 5758 Construction in the amount of \$217,900.20 for the detention pond to serve Cypress Landing, Sections Eleven and Twelve; to authorize Brown & Gay Engineers to design Cypress Landing, Section Twelve, for Pulte Homes; and to authorize Eagle Water to relocate 160 feet of the District's waterline and the entire force main along U.S. Highway 290 for the sound barrier wall.

15. Approve Brown & Gay Engineers to design Cypress Landing, Section Twelve. This item was covered under the Engineer's Report.

16. Annexation request of KCS Construction and any necessary action. Mr. Hirshman reported that he met with the daycare that plans to construct its facility on the 20-acre tract owned by Cypress Land Development, LLC. Ms. Ellison reported that NRF recorded the Cypress Land Development, LLC Notice of Development Plan and Utility Restrictions ("Notice"); however, she has not received an original Ewing Irrigation Notice to record. Ms. Ellison reported that Cypress Land Development, LLC has not returned all the necessary annexation documents.

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

18. Next meeting date. The Board noted that the next regular monthly Board meeting will be held on April 17, 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.

* * *

The foregoing minutes were passed and approved by the Board of Directors on
April 17, 2015.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

