

MINUTES OF MEETING OF BOARD OF DIRECTORS
CYPRESS HILL MUNICIPAL UTILITY DISTRICT NO. 1
May 15, 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 May 15, 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. 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 of Pulte Homes, developer of land in the District; Mr. Nick Luton of Meritage Homes, developer of land in the District; Mr. Brannon Boozer of M/I Homes, developer of land in the District; Lieutenant Blackledge, constable for the District; 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. **Minutes of the meeting of April 17, 2015.** The proposed minutes of the meeting of April 17, 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 April 17, 2015, as presented.

2. **Public Comments and letters from residents.** Director Bryant reported receipt of several email requests regarding maintenance of the Cypress Mill detention ponds. The President reported that Stormwater Solutions is inspecting the pilot channels to determine what needs to be done to clear them.

Director Bryant reported that a customer stated that it was time consuming to go to Eagle Water's office to initiate water service in the District. Mr. Riley reported that an in-

person application is required because of identity theft requirements so that the person can show a driver's license and Eagle Water can confirm the person's identity.

Director Bryant reported that a person requested information on the Wastewater Treatment Plant project. He reported that Mr. Hirshman provided the Internet link to the project plans.

3. **Security report.** Lieutenant Blackledge reviewed with the Board the Security Report for the month of April, a copy of which is attached hereto as Exhibit "B." He reported that the Wal-Mart security vehicle was stolen. Lieutenant Blackledge reported that an armed robbery occurred at Walgreen's. He reported that a driver struck some trees in the median on Cypress-Rosehill Road by U.S. Highway 290. Lieutenant Blackledge reported that he has the driver's information because the license plate was left at the scene of the accident.

Lieutenant Blackledge reported that the Cypress Park and Cypress Landing detention ponds are being closely monitored to reduce illegal activities. He reported that off-road vehicles are damaging the detention ponds, and parties are being held there. Lieutenant Blackledge reported that the officers are issuing citations. Mr. Riley reported that the signs for the detentions ponds have been ordered.

Lieutenant Blackledge reported that he is coordinating a T1 line with increased bandwidth/speed for the Cypress Sub Station. He reported that there are 28 deputies at the Cypress Sub Station. Lieutenant Blackledge reported that the Fairfield Homeowner Association and Harris County Municipal Utility District No. 69 are contributing to the T1 line costs, along with the District.

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.

4. **Developers Report and reimbursement issues.** Mr. Luton reported that Cypress Park had 30 new home closings and 16 new home sales in 2015. He reported that only three lots remain available, and that Cypress Park will be built out by October.

Mr. Day reported that Cypress Landing had 6 new home sales in April and 42 sales in 2015. Mr. Day reported that utility construction is complete in Cypress Landing, Section Eleven, and that the contractor will begin street paving.

Mr. Boozer reported that M/I Homes hopes to begin construction in the District in the near future.

5. **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 reviewed with the Board the Cypress Creek Pest Control proposal for all-terrain vehicle fogging mosquito treatment of the District's detention ponds in the amount of \$1,395 per application, a copy of which is attached hereto as Exhibit "C." He reported that Cypress Creek Pest Control recommended applications twice a month. 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 accept the proposal of Cypress Creek Pest Control to treat the District's

detention ponds twice a month for a total of eight applications at a cost of \$1,395 per application.

The President instructed Mr. Hirshman to notify Texas Department of Transportation ("TXDOT") and the contractor that the District has finished relocating its facilities in order to allow for installation of the sound barrier wall. The President asked that Mr. Hirshman confirm that TXDOT or the contractor will be notifying residents of the upcoming installation of the sound barrier wall, its location two feet from their existing fences, and that the existing fences will remain in place.

The President reported on behalf of Ms. Lee of KGA Deforest Design. He reported that the Notice to Proceed was issued for the Cypress Ridge Detention Pond Landscape Improvements. Mr. Riley reported that Eagle Water installed the irrigation water meter for the project.

6. Sydney Harbour Water Plant Expansion, including landscaping bids and award project. The President reported on behalf of Ms. Lee of KGA Deforest Design. He reported that the new gates at the Sydney Harbour Water Plant are expected to be installed next week.

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 Estimate #1 in the amount of \$38,712.50 to Fencecrete America for the Water Plant fence and Change Order #2 in the amount of \$4,890.00 for the addition of solid gates, a copy of which is attached hereto as Exhibit "D."

7. 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 98.69% of the District's 2014 taxes had been collected as of April 30, 2015. 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.

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." Ms. Austin reported that check no. 10529 to Best Trash in the amount of \$16,897.05 is due to Best Trash's under-billing since the last CPI increase.

Ms. Austin stated that she would invoice the Fairfield Homeowner Association and Harris County Municipal Utility District No. 69 for their annual contributions for the Constable Cypress Sub Station T1 line cost.

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 accept the Bookkeeper's Report and to authorize payment of the checks listed 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 reviewed the Disconnection List with the Board. Mr. Riley stated that he would research the account with a balance of \$546.38.

Mr. Riley reviewed the Collection Report with the Board and requested authorization to transfer the accounts to the Uncollectible Roll.

Mr. Riley reported on the relocation of District facilities for the U.S. Highway 290 sound barrier wall. He reported that relocation of the District's force main and waterline is complete. Mr. Riley reported that the cost for the relocation totaled \$27,874, greater than estimated, because the waterline was 200 feet in length, instead of the 120 feet shown on the plans. He reported that the waterline relocation was performed from 6:00 a.m. to 11:00 a.m. and that no significant complaints were received.

Mr. Riley presented to and reviewed with the Board the 2014 Drinking Water Quality Report, a copy of which is attached hereto as Exhibit "H." Mr. Riley reported that the District's water is compliant with all regulations. He reported that the District is required to distribute the 2014 Drinking Water Quality Report to customers by July 1, 2015, and that a notice on accessing the report on the Internet will be on the June water bills.

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, to terminate the delinquent accounts in accordance with the Rate Order, to authorize Eagle Water to transfer the accounts on the Collection Report to the Uncollectible Roll, and to approve the 2014 Drinking Water Quality Report and authorize its electronic publication.

10. **Approve Consumer Confidence Report.** This item was covered under the Operator's Report.

11. **Consider Amended Rate Order (trash rate increase).** Ms. Deitrick reported that the District increased the trash collection charge to residents by \$5.00 in 2014 and that the District is not subsidizing solid waste collection and recycling for District residents. Upon motion by Director Koehn, seconded by Director Bryant, after full discussion and the question being put to the Board, the Board voted unanimously not to amend the Rate Order.

12. **Consider Best Trash billing for CPI increase.** The President reported that Best Trash under billed the District \$16,897.05 by not increasing its invoices to the District for the 2014 annual CPI increase, as further described in the Best Trash email, a copy of which is attached hereto as Exhibit "I." 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 payment of \$16,897.05 to Best Trash.

13. **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 "J."

Mr. Hirshman reported that the Wastewater Treatment Plant Improvement plans are signed. He reported that DEC has advertised for bids to be opened on May 28, 2015.

Mr. Hirshman reported on the Water Plant No. 2 improvements. He reported that the contractor is making connections to the existing piping.

Mr. Hirshman reported that DEC is preparing the Bond Application Report for the next bond issuance in the amount of \$3,535,000. He reported that the draft report will be presented at the next Board meeting.

Mr. Hirshman requested Board authorization for Pulte Homes to advertise for bids for water, sanitary sewer and drainage construction to serve Cypress Landing, Section Twelve.

Mr. Hirshman recommended Board approval of payment by Pulte Homes of Pay Estimate #4 to 5758 Construction in the amount of \$404,633.50 for work on the detention pond to serve Cypress Landing, Sections Eleven and Twelve.

Mr. Hirshman recommended Board approval of payment by Pulte Homes of Pay Estimate #1 to Kenneth Lamb Construction Co., Ltd. in the amount of \$731,347.65 for construction of the water, sanitary sewer and storm sewer facilities to serve Cypress Landing, Section Eleven.

Mr. Hirshman reported receipt of proposals by Terracon Consultants and Geotech Engineering for the material testing for the Water Plant No. 2 Ground Storage Tank installation. He reported that Terracon Consultants provided a proposal in the amount of \$14,800 and Geotech Engineering provided a proposal in the amount of \$18,642. Mr. Hirshman recommended the Board award the material testing for the Water Plant No. 2 Ground Storage Tank installation to Terracon Consultants in the amount of \$14,800.

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 Engineer's Report, to authorize Pulte Homes to advertise for bids for water, sanitary sewer and drainage construction to serve Cypress Landing, Section Twelve; to approve payment by Pulte Homes of Pay Estimate #4 to 5758 Construction in the amount of \$404,633.50 for work on the detention pond to serve Cypress Landing, Sections Eleven and Twelve; to approve payment by Pulte Homes of Pay Estimate #1 to Kenneth Lamb Construction Co., Ltd. in the amount of \$731,347.65 for construction of the water, sanitary sewer and storm sewer facilities to serve Cypress Landing, Section Eleven; and to award the material testing for the Water Plant No. 2 Ground Storage Tank installation to Terracon Consultants in the amount of \$14,800 and to authorize Mr. Hirshman to execute the contract with Terracon Consultants on behalf of the District.

14. Review bids and award Wastewater Treatment Plant Improvements project. This item was deferred.

15. Cypress Land Development drainage easement and any necessary action. Ms. Ellison reported that Cypress Land Development requested that the District accept title to the District's drainage easement located on Cypress Land Development's property. Mr. Hirshman reported that the District is currently maintaining the drainage channel.

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 accept title to the Cypress Land Development property on which its drainage easement is located.

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

17. **Next meeting date.** The Board noted that the next regular monthly Board meeting will be held on June 26, 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
June 26, 2015.



President, Board of Directors

ATTEST:



AS Secretary, Board of Directors

(DISTRICT SEAL)

