

MINUTES OF MEETING OF BOARD OF DIRECTORS  
CYPRESS HILL MUNICIPAL UTILITY DISTRICT NO. 1  
AUGUST 19, 2016

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 August 19, 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 Ms. Kathy Brittain-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, Inc., bookkeeper for the District; Mr. Alan Hirshman of Dannenbaum Engineering Corp. ("DEC"), engineer for the District; Ms. Juanita Orsak of Pulte Homes, and 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 July 15, 2016.** The proposed minutes of the meeting of July 15, 2016, previously distributed to the Board, were presented for review and approval. The President made several revisions. 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 minutes of July 15, 2016, as amended.

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 forwarded correspondence requesting new service, asking about low water pressure on Harbour Bridge Point Drive, and complaining about North Harris County Regional Water Authority fees to Eagle Water Management for responses. He said he forwarded correspondence from a resident who could not pay his taxes with a credit card to the District's tax assessor/collector's office. The President said he put Ms. Loughlin, who complained about the mowing crew weedwacking her flowering vines, in touch with the landscaper, and they worked out a solution. Director Bryant reported that a resident on Arbormont Drive has concerns about the speed limit as it pertains to the safety of the

children playing outside. The correspondence was forwarded to Captain Blackledge, who responded to the resident that the State sets speed limits for residential areas, updated her on the legality of parked vehicles on the street and provided contact information for Precinct 3 to obtain additional information and assistance. No action was requested of the Board on these matters.

3. **Security Report.** Director Henry reviewed the Security Report for the month of July, a copy of which is attached hereto as *Exhibit "C."* He reported on calls received in July. He noted an armed robbery of the Murphy's gas station. He said 13 citations were issued, one arrest was made for possession of marijuana, and there were eight citations for possession of drug paraphernalia during the extra patrols. Upon motion by Director Halloran, seconded by Director Chester, 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.** Director Koehn reported the Sanitary Sewer Easement has been signed by the Cypress Mill Homeowners' Association (the "HOA"). He stated the HOA requested that the District hold at least one meeting a year in the District. Discussion ensued regarding scheduling a meeting, and it was the consensus of the Board to defer action on this matter.

Ms. Stephenson reported on the status of construction of the Cymill project. She stated they are in the process of selecting a General Contractor for the project.

Ms. Orsak reported there are 70 homes remaining to close out the project and final landscaping is being installed.

5. **Report on Homeowners Association matters, US 290 Noise Abatement Barrier, and authorization of maintenance on District properties.**

Director Koehn stated that he has seen graffiti, in other areas, as soon as new sound barrier walls go up. He requested that Director Henry alert the District's patrol to be on alert after the US 290 Noise Abatement Barrier is constructed.

Director Koehn discussed lack of proper maintenance of the landscaping at the District's commercial detention pond. He presented a proposal from Storm Water Solutions to provide monthly maintenance of the top bank of this facility for a cost of \$2,640.00 per year, a copy of which is attached as *Exhibit "D."*

Director Koehn discussed a proposed beautification project updating the fencing and landscaping on the back side of Cypress Ridge. Discussion ensued relating to removal of landscaping at Lift Station No. 1, and expansion of the entrance for easier access. After full discussion, Director Koehn stated that he will obtain a preliminary evaluation from KGA/DeForest on the scope and cost of the project.

Director Chester said the HOA removed the basketball goals on the basketball court because of debris in the area, regardless of the fact that there are no trash cans available for disposal of debris.

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

from Storm Water Solutions to maintain the top bank of the District's commercial detention pond for an annual cost of \$2,640.00.

6. **Approve Continuing Disclosure Report and Authorize Filing.** The President recognized Ms. Ellison, who presented to and reviewed with the Board the Resolution of the Board of Directors of the District Approving Continuing Disclosure Materials and the Annual Report on Financial Information and Operating Data ("Continuing Disclosure Report"), a copy of which is attached hereto as *Exhibit "E."* Ms. Ellison reported that the Continuing Disclosure Report is an annual requirement which updates bondholders on the status of the District and includes the audit. She reported that Rathmann & Associates prepared the Continuing Disclosure Report and NRF reviewed it. 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 Continuing Disclosure Report and authorize its filing.

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 "F."* Ms. Drew noted that 99.06% of the District's 2015 taxes had been collected to date. She stated that certified tax rolls are expected to be received next month. 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 "G."*

The President asked Ms. Austin and Mr. Hirshman to get together and provide a written summary of the total cost and cost paid to date for each of the District's construction projects and what funds the District has used and what funds are available to finish the projects.

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 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 96.5% for the billing period ending July 27, 2016. He noted the high usage in July. He stated there are 228 delinquent accounts.

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

10. **Consider annexation of 1.0 acre tract.** Director Koehn reported on follow-up regarding annexation of the one-acre tract on Cypress Rosehill, as discussed at the last meeting. He stated that he was unable to connect with anyone from the HOA regarding

community feedback on development. Mr. Hirshman reported that he left a message for the architect seeking annexation and had not received a response. Ms. Ellison confirmed that the District is able to impose land use restrictions on the annexation tract. It was the consensus of the Board to table this matter pending additional information.

**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 "H."*

Mr. Hirshman reported on Water Plant No. 1 and said that the Notice to Proceed was issued August 1.

Mr. Hirshman reported on the Water Plant No. 2 improvements and requested Board approval of Pay Estimate No. 11 to JTR Construction in the amount \$65,448.31. He then presented and requested approval of Change Order No. 4 in the amount of \$5,382.00, representing a contract amount increase, to JTR Construction for the coating on the tank floor to cover the rusting bolts.

Mr. Hirshman presented and requested approval of Pay Estimate No. 1 in the amount of \$391,680.00 to Monarch Civil Constructors, LLC for the Keeton Tract development construction.

Mr. Hirshman discussed the status of preparation of Bond Issue No. 13 and items for reimbursement. He reported that the District's financial advisor has reviewed the bond application and reimbursement will include the remaining Cypress Landing East Sections 11 & 12.

Mr. Hirshman discussed cutting six inches from a concrete pad that is encroaching on Lot 27 in Cypress Mill Park Section 5, which impedes the homeowner from setting his fence back to his property line. Following a full discussion, the Board directed Mr. Hirshman to determine if the District can seek recourse from the contractor who installed the concrete.

Mr. Hirshman presented a proposal from Storm Water Solutions for a sinkhole repair on the Cypress Landing East outfall channel in the amount of \$6,150.00.

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. 11 in the amount of \$65,448.31, and Change Order No. 4 in the amount of \$5,382.00, to JTR Construction in connection with the Water Plant No. 2 Improvements; (3) approve Pay Estimate No. 1 in the amount of \$391,680.00 to Monarch Civil Constructors, LLC for the Keeton Tract development construction; and (4) approve a proposal from Storm Water Solutions for a sinkhole repair on the Cypress Landing East outfall channel in the amount of \$6,150.00.

**12. Release of Easements (H. Dalton Wallace property).** Ms. Ellison reported that Mr. Wallace is re-platting his property and requesting the release of Water Line Easement 1, Water Line Easement 3, Water Line Easement 4, and Access and Utility Easement, which are no longer needed. She then presented Type 1 Permanent Access and Utility Easement,

Water Line Easement 1 and Water Line Easement 1A, which replace the easements being released. After full discussion and the question being put to the Board, it was the consensus of the Board to defer action pending review of by the District's engineer of the easements being abandoned and the new easements being granted.

13. **Consider Easements and Conveyances (3.7 acre tract).** Ms. Ellison presented and reviewed with the Board two Storm Sewer Easements and Conveyances of Detention Pond Parcels A and B to be granted by CyMill Partners, Ltd. Mr. Hirshman said he had reviewed the storm sewer easements. 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 two Storm Sewer Easements and defer acceptance of the Conveyances of Detention Pond Parcels A and B until the detention ponds are accepted by the District.

14. **Other Consultant and Director Reports.** No other reports were presented.

15. **Next meeting date.** The Board noted that the next regular monthly Board meeting will be held on September 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.

\*

\*

\*



The foregoing minutes were passed and approved by the Board of Directors on September 16, 2016.

  
\_\_\_\_\_  
President, Board of Directors

ATTEST:

  
\_\_\_\_\_  
Secretary, Board of Directors

