

MINUTES OF MEETING OF BOARD OF DIRECTORS  
CYPRESS HILL MUNICIPAL UTILITY DISTRICT NO. 1  
NOVEMBER 17, 2017

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 17, 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 Messrs. Kerry Emmott and Kyle Phoenix of Kendall Development; Ms. Donna Bryant of Assessments of the Southwest ("Assessments"), tax assessor-collector for the District; Ms. Stephanie Lee of KGA/Deforest Design LLC, landscape architects for the District; Messrs. Tracy Riley and T.R. Riley of Eagle Water Management, Inc. ("Eagle Water"), operator for the District; Ms. Wendy Austin of District Data Services, bookkeeper for the District; Mr. Sam Cocke of Double Oak Erosion (formerly operating under dba Texas Erosion); 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 October 20, 2017.** The proposed minutes of the meeting of October 20, 2017, previously distributed to the Board, were presented for review and approval. 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 minutes of October 20, 2017, as amended.

2. **Request for service to Kendall Development Project on Fenske Road.** The President recognized Mr. Phoenix, who said that Kendall Development has purchased approximately 34 acres near the District and is seeking service from the District. He stated that Kendall Development plans to develop 70 to 80 homes on the acreage. Director Koehn reported the District has sufficient sanitary sewer capacity but is at the maximum number of water connections permitted by the Texas Commission on Environmental Quality ("TCEQ") under its elevated storage waiver. He also advised Mr. Phoenix that the District has no bonding capacity at this time. Discussion ensued on the possibility of obtaining TCEQ approval of a

greater number of water connections without constructing elevated storage facilities. Messrs. Emmott and Phoenix inquired about the next steps. Following a discussion by the Board, the Board requested that Mr. Hirshman obtain more information concerning the possibility of the TCEQ granting an additional elevated storage waiver to the District. The President stated that the District's financial advisor also needs to be contacted.

**3. Public Comments and letters from residents.** The President recognized Director Bryant, who reported on correspondence that was received through the District's website, copies of which are attached as *Exhibit B*. Director Bryant also reported that he was unable to forward email from the website. He stated that he requested the web site manager to change his email address and the problem was resolved.

Director Bryant reported that eight messages were received that were all related to billing and he transmitted them to Eagle Water for further handling.

**4. Web design and maintenance.** Director Bryant reported that he reviewed other websites in comparison to the District's site for consideration of proposed improvements. Discussion ensued regarding costs, amount of information provided, and service. Ms. Ellison stated that she will re-send updates for posting to the website.

**5. Security Report.** The President recognized Director Henry who reviewed the Security Report for the month of October, a copy of which is attached hereto as *Exhibit C*.

Director Henry reported that 25 citations were issued by extra patrol and there were no arrests. He stated that he has reviewed the Extra Patrol stats for the past 10 months and noted there have been over 200 citations issued, two arrests for theft, one towed vehicle and two arrests for possession of marijuana. Director Henry recommended, based on his review of the Extra Patrol Stats, that the District continue with the extra patrol contracts. Ms. Ellison reported that the District annually reviews the contracts and associated costs for extra patrol officers. She stated that an item will be placed on next month's agenda to consider approval of contracts for new officer(s) and an updated Exhibit A.

**6. Developers Report and reimbursement issues.** Ms. Stephenson reported on the status of the leasing of the new commercial building in the District.

**7. Report on Homeowners Association matters, US 290 Noise Abatement Barrier, and authorization of maintenance on District properties.** President Koehn discussed a proposal from Green Pros for mulching the tree rings on the esplanades on Cypress-Rosehill, a copy of which is attached as *Exhibit D*.

The President reported that he had talked to the Constables concerning kids playing in a culvert on District property. President Koehn stated that he will follow up with the Constable's office to obtain the verbiage necessary for signs to be placed at the culvert for enforcement by the officers. He also stated that he will coordinate with Eagle Water to obtain and install the signs.

President Koehn reported that the HOA requested the District's help with cleaning the mildew from the playground equipment at the large park located in Cypress Mill Park, Section 4. The Board asked Mr. Cocke about providing a quote for power washing the playground equipment. Discussion ensued regarding additional lighting and the Board requested that Ms. Lee prepare a quote for additional lighting.

President Koehn said he will contact the affected residents about the gap between the fences at Lift Station No. 1. Mr. Riley stated that he will obtain an updated proposal on the fence.

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: (1) the proposal from GreenPros in the amount of \$1,540.42 for mulching the tree rings on the esplanades on Cypress Rosehill; and (2) the preparation and posting of signs at the culvert.

**8. Rate Increase for GreenPros contract and proposal for fall mulch.** The Board received notice from GreenPros that a 3% increase in the District's contracts will be effective January 1, 2018, a copy of which is attached as *Exhibit E*. Discussion ensued regarding the District's contracts with GreenPros, the total cost, and the areas maintained. Ms. Ellison said she would follow up with GreenPros.

**9. Construction contract with Fencecrete of America, Inc.** Ms. Lee reported that the contract and bonds for the lift station fencing projects have been reviewed by NRF and are being presented for execution today in the amount of \$34,738.00. 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 approve and authorize execution of the contract with Fencecrete of America, Inc. in the amount of \$34,738.00 for Lift Station 290 and Lift Station Cypresswood Fencing.

**10. Report on Beautification Projects.** President Koehn recognized Ms. Lee who reported on bid tabulations for the Fenske Road Fencing Improvements. She recommended Fencecrete of America, Inc. who was the lowest, most qualified bidder in the amount of \$49,950.00. Ms. Lee reported on projected construction time and recommended issuing the Notice to Proceed in January 2018. 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 awarding the construction contract to Fencecrete of America, Inc. in the amount of \$49,950.00 for the Fenske Road Fencing Improvements.

**11. Assignment and Assumption of Agreement for Services of Tax Assessor/Collector.** Ms. Bryant reported that the current Agreement for Services of Tax Assessor/Collector is in the name of Tommy Lee and the assignment will transfer the contract to Assessments of the Southwest. She requested that the Board table this item pending final preparation of the Assignment. The Board concurred to table this item.

**12. Amendment to Agreement for Services of Tax Assessor/Collector.** Ms. Bryant requested that the Board also table this item pending final preparation of the Amendment. The Board concurred to table this item.

**13. 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 G*. Ms. Bryant noted that 0.02% of the District's 2017 taxes had been collected as of October 31, 2017.

Ms. Bryant reviewed the Delinquent Tax Report from the District's delinquent tax attorneys, which is attached to the Tax Assessor/Collector's Report. Ms. Bryant reviewed with the Board the list of taxpayers who failed to respond to a letter stating the District would

terminate water service for non-payment of delinquent taxes unless the taxpayer responded. She requested the Board's authorization to send the Operator a list of accounts that do not respond by the end of the day for the Operator to tag doors with notice of termination of 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 Tax Assessor/Collector's Report, to authorize the expenditures listed therein, and to authorize the Tax Assessor/Collector to send a list of accounts that have not responded to the delinquent tax notice by the end of the day to the Operator to hang door tag notice of service termination.

**14. 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 H*. Ms. Austin asked the Board to confirm it wants to use surplus bond funds to pay a portion of the cost of the wastewater treatment plant expansion. Ms. Ellison said the project meets the requirements of Section 293.83 of the TCEQ rules allowing use of surplus funds without TCEQ 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 accept the Bookkeeper's Report, to authorize payment of the checks listed for the purposes stated therein, and to approve use of the District's surplus bond funds to pay a portion of the cost of the wastewater treatment plant expansion.

**15. 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 I*.

Mr. Riley reported that the new well pump was set and the District should be off the interconnect with Harris County Municipal Utility District No. 391 shortly before Thanksgiving.

Mr. Riley reported on a customer's bill in the amount of \$1,022 and reviewed usage for the past two months, which reflected 132,000 gallons and 31,000 gallons, respectively. He said that the customer's door was tagged to contact Eagle Water to discuss and no response has been received from the customer.

Mr. T.R. Riley presented and reviewed proposal from Davey Tree Surgery to remove a Hackberry tree that is between a chain link fence around the District's Lift Station No. 1 and the adjacent neighbor's wood fence, as discussed last month. He reported the cost for removal and spraying to deter re-growth is \$3,000; the cost for removal and stump grinding is \$3,350. Mr. T.R. Riley presented an additional proposal from Davey Tree Surgery in the amount of \$750 to trim a Live Oak tree in front of Water Plant No. 1. The Board discussed the proposals from Davey Tree Surgery and requested Mr. Cocke review the projects and present proposals to Eagle Water.

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, and to authorize Eagle Water to take the best price it receives for the tree removal project at Lift Station No. 1 and the tree trimming at Water Plant No. 1 and proceed with the work.

**16. 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 presented and recommended approval of Pay Estimate No. 5 in the amount of \$9,625.27.00 and Pay Estimate No. 6-Final in the amount of 10,162.32 to Monarch Civil Constructors, LLC for the Keeton Tract.

Mr. Hirshman requested approval of Change Order No. 2 in the amount of \$122,000.00 to W.W. Payton Corporation and Invoice No. 051524 in the amount of \$210.50 to Paradigm related to the relocation of appurtenances on the suction and discharge headers of the booster pump piping and the addition of a new 10,000 gallon hydropneumatic tank and foundation.

Mr. Hirshman reported on the status of paving and left turn lane and relocation of a light pole on the Safe Site Tract. He recommended Pay Estimate No. 5 from the contractor, D. Grimm, Inc., in the amount of \$14,743.71.

Director Koehn asked Mr. Hirshman to check on the status of the interconnect meters being installed by Harris County Municipal Utility District No. 391.

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: (1) the Engineer's Report; (2) Pay Estimate No. 5 in the amount of \$9,625.27.00 and Pay Estimate No. 6-Final in the amount of 10,162.32 to Monarch Civil Constructors, LLC for the Keeton Tract; (3) Change Order No. 2 in the amount of \$122,000.00 to W.W. Payton Corporation and Invoice No. 051524 in the amount of \$210.50 to Paradigm; and (4) Pay Estimate No. 5 from the contractor, D. Grimm, Inc., in the amount of \$14,743.71.

**17. Service Agreement with Fountain of Life Church.** Ms. Ellison reported that she had advised Fountain of Life Church of the Board's requirements for out-of-district service and has not heard further.

**18. Insurance renewal.** The President recognized Ms. Ellison who reviewed an insurance renewal proposal from HARCO, a copy is attached as *Exhibit K*. The Board noted an increase in price. Upon inquiry from Director Koehn, Director Halloran said insurance rates had increased and he is satisfied with the proposal. 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 insurance renewal proposal from HARCO, subject to a reasonable justification for the increase in price.

**19. Vote for Representative on Harris County Appraisal District.** Ms. Ellison reported that the Harris County Appraisal District is holding an election for the position on the Board of Directors representing water districts and the Board can vote. The Board decided not to take action on this matter.

**20. Other Consultant and Director Reports.** The President recognized Mr. Cocke, who presented a maintenance report on the Fair Meadows, Keeton Tract and Cypress Chase detention ponds, a copy is attached as *Exhibit L*.

21. **Next meeting date.** The next regular meeting of the Board is scheduled for December 15, 2017, at 11:00 a.m. at the offices of Norton Rose Fulbright US LLP, 1301 McKinney, Houston, Texas or such other time and place that a quorum can be established.

22. **Voluntary Event Notice regarding Hurricane Harvey.** Ms. Ellison said that the District's financial advisor has received an inquiry from a rating agency concerning the impact of Hurricane Harvey on the District. She suggested the District provide notice to the public of the absence of any impact by voluntarily filing a report with the Municipal Securities Rulemaking Board ("MSRB").

Discussion ensued. 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 authorize filing of a report with the MSRB.

23. **Matters pertaining to 2018 Directors Election.** Ms. Ellison presented to the Board various administrative items related to the 2018 Directors Election. 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 appoint Brenda Presser as Election Agent for the District, to approve, authorize execution, and authorize posting of notice of the Appointment of Agent, to approve and authorize posting of the Notice of the Deadline to File an Application, and to approve and authorize publication of notice of the District's intent to not use an electronic voting machine system, copies of which are attached hereto as *Exhibit M, M-1, and M-2*, respectively.

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 15, 2017.



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President, Board of Directors

ATTEST:



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Secretary, Board of Directors

