

MINUTES OF MEETING
OF THE
BOARD OF DIRECTORS

January 9, 2017

THE STATE OF TEXAS

COUNTY OF HARRIS

CYPRESS-KLEIN UTILITY DISTRICT

The Board of Directors (the "Board") of Cypress-Klein Utility District (the "District") met in regular session, open to the public 15705 North Greenfield Drive, Spring, Harris County, Texas, a designated meeting place of the Board outside the boundaries of the District, on Monday, January 9, 2017, whereupon the roll was called of the members of the Board, to-wit:

Mark Hanz	President
Ron Koval	Vice President
Karen Stepchinsky	Secretary
Robert Rasch	Assistant Secretary
Paul Laven	Director

All members of the Board were present except Director Koval, thus constituting a quorum.

Also present at the meeting were members of the public listed in the attached Attendance Sheet; Debra Loggins with L&S District Services ("L&S"), bookkeeper for the District; Patrick Newton with AEI Engineering, LLC ("AEI"), Engineer for the District; Mike Plunkett with Eagle Water Management, Inc. ("Eagle"), Operator for the District; Yvonne Luevano with Wheeler & Associates, Inc. ("Wheeler"), Tax Assessor/Collector for the District; and Maria Salinas Parker and Ryan LaRue with Sanford Kuhl Hagan Kugle Parker Kahn LLP ("SKLaw"), Attorney for the District.

The President called the meeting to order and the following business was transacted.

APPROVAL OF MINUTES

Proposed minutes of the meeting of December 12, 2016, previously distributed to the Board, were presented for consideration and approval. Director Laven noted a minor correction.

Upon motion duly made and seconded, the Board voted unanimously to the minutes of the meetings of December 12, 2016, as corrected.

HEAR FROM PUBLIC

The Board recognized Mr. Lightfoot, who addressed the Board concerning recycling. He informed the Board that the Wimbledon Estates Homeowners Association ("HOA") conducted a survey in 2016 to determine whether the residents in the District favor implementing recycling services. He added that seventy-five (75) surveys were returned, and of the seventy-five (75) returned surveys, sixty-eight per cent (68%) or 51 residents favored recycling. Mr. Lightfoot asked the Board to consider providing recycling services to residents. The Board recognized Mr. Kerr, who stated that recycling

should be an individual decision and should not be forced upon all residents. He declared that if all residents are charged for the service whether they participate or not, he is opposed to recycling. The Board received other comments from the public favoring recycling. The Board advised members of the public that typically trash recycling is an additional service added to a trash contract.

It was noted that the District's current trash contract expires April 30, 2017, and that the Board is considering proposals from various trash companies. The Board will conduct interviews with certain trash companies at the meeting on February 13, 2017, and the members of the public were invited to attend such meeting.

Members of the public then asked if the Board plans to engage the services of peace officers for the District. The Board responded that security matters have been handled by the HOA, and that the HOA has not contacted the Board soliciting the cooperation of the District. The Board suggested that if the HOA is seeking assistance, a formal request should be submitted to the Board.

TAX ASSESSOR/COLLECTOR'S REPORT

The Board recognized Ms. Parker, who (due to the departure of Ms. Luevano) submitted to and reviewed with the Board the Tax Assessor/Collector's Report. Ms. Parker noted that the District has collected 31.14% of its 2016 personal and real property taxes.

Upon motion duly made and seconded, the Board voted unanimously to approve the Tax Assessor/Collector's Report, and to authorize payment of the checks listed therein.

DELINQUENT TAX REPORT

The Board again recognized Ms. Parker, who reviewed with the Board the Delinquent Tax Report as submitted by Perdue Brandon Fielder Collins & Mott LLP ("PB"), a copy of which is attached hereto.

Upon motion duly made and seconded, the Board voted unanimously to approve the PB Report.

BOOKKEEPER'S REPORT/ BUDGET

The Board then reviewed the Bookkeeper's Report, a copy of which is attached hereto. They noted the balances in each of the District's accounts and noted investments in each account. The Board then reviewed the activity in each account. The Board's also reviewed the invoices and the checks prepared in payment thereof.

The Directors then reviewed: (1) the Cash Flow Report for the District's Operating Fund; (2) the Budget Comparison; and (3) the Pledged Security Report, copies of which are included with and/or attached to the Bookkeeper's Report.

Upon motion duly made and seconded, the Board voted unanimously to approve (1) the Bookkeeper's Report, and (2) the checks presented for payment.

OPERATIONS REPORT

The President recognized Mr. Plunkett, who submitted to and reviewed with the Board the Operations Report, a copy of which is attached hereto.

With regard to the Operations Report, the following items were noted:

- the District has a total connection count of 892.
- there were no excursions at the wastewater treatment plant for the reporting period.
- the billed to pumped ratio was 74.25%. Eagle is continuing efforts to determine the cause of the reduced accountability.
- there were no delinquent uncollectable accounts presented for “write off” and release to a collection agency.
- 16,660,000 gallons of water were produced last month, of which 16,635,000 gallons were supplied by the North Harris County Regional Water Authority (“RWA”), and 25,000 gallons were supplied by the District’s water wells.

Upon motion duly made and seconded, the Board voted unanimously to (1) approve the Operations Report; and (2) authorize Eagle to write off the delinquent uncollectable accounts presented for “write off”, if any.

TERMINATION OF WATER SERVICE

Consideration was then given to terminating water service to those accounts listed on the Water Termination List. The Board noted that there was no one present at the meeting who wished to address the Board concerning their water bill or the termination of water service.

Upon motion duly made and seconded, the Board voted unanimously to terminate water service to the accounts listed on the Water Termination List, with the assistance of a peace officer, if necessary.

ENGINEER’S REPORT

The President recognized Mr. Newton, who presented the Engineer’s Report.

Sanitary Sewer Rehabilitation

Bids were taken on November 9, 2016, for the sanitary sewer rehabilitation project. CleanServe, LLC was awarded the contract in the amount of \$17,384.50. AEI has scheduled a pre-construction meeting for January 16, 2017.

Tract on 6995 Louetta/Huckabay Tract

AEI had nothing new to report.

Maintenance Tax Election Report

AEI has submitted the Maintenance Tax Election Report to the Attorney for review.

Long Term Capital Projects Plan

The Long Term Capital Projects Plan is attached to the Engineer’s Report. It has been revised to reflect work completed and authorized.

Upon motion duly made and seconded, the Board voted unanimously to approve the Engineer’s Report.

ATTORNEY’S REPORT

The Board recognized Ms. Parker, who presented the Attorney’s Report.

Website

Director Hanz stated that the website is nearing completion, and should be operational before the February meeting.

Maintenance Tax Election

Ms. Parker reported that a proposed Order Calling Maintenance Tax Election will be included on the agenda for February 13, 2017.

Contract with Republic Services/Trash Proposals

The Board noted that Republic Services submitted a letter terminating the Waste Disposal Agreement with the District. The termination is to be effective April 30, 2017.

In accordance with prior Board authorization, proposals were solicited and received from Direct Waste Solution, Eco Waste & Recycling, WCA and Texan Environmental Waste, Inc. At this time, Mr. LaRue submitted to and reviewed with the Board a Comparison of Proposals. The Board deferred action on the proposals. A special meeting will be held on January 25, 2017, to discuss the trash proposals.

First Amendment to Contract for Construction and Operation of an Emergency Water Supply Connection (the “First Amendment”)

Ms. Parker stated that she received the revised the First Amendment from Kleinwood MUD, but that she has not yet reviewed it.

REPAIRS/MAINTENANCE OF ADMINISTRATIVE BUILDING

The Board discussed the use of the building and the distribution of keys to the various organizations that hold meetings in the building. It was agreed that Eagle will distribute the keys and handle the use of the building on an interim basis. The Board asked Ms. Parker to draft an agreement for the distribution of keys.

GENERAL MANAGER

The Board deferred action on engaging the services of a general manager.

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THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, the meeting was adjourned.

Approved this February 13, 2017.


Secretary, Board of Directors