

**MINUTES OF MEETING
OF THE
BOARD OF DIRECTORS**

May 8, 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 inside the boundaries of the District, on Monday, May 8, 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 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 E. 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 April 10, 2017, previously distributed to the Board, were presented for consideration and approval.

Upon motion duly made and seconded, the Board voted unanimously to approve the minutes of the meeting of April 10, 2017, as submitted.

HEAR FROM PUBLIC

The Board noted that there were no members of the public present at the meeting who wished to address the Board.

TAX ASSESSOR/COLLECTOR'S REPORT

The Board recognized Ms. Luevano, who submitted to and reviewed with the Board the Tax Assessor/Collector's Report. Ms. Luevano noted that the District has collected 96.13% 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 next reviewed 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 Delinquent Tax Report.

BOOKKEEPER'S REPORT

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 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.

Ms. Loggins then presented a Resolution Authorizing the Investment and Transfer of Funds. She stated that Plains State Bank, in connection with the renewal of a certificate of deposit, is requiring the District to approve such Resolution which authorizes her and Cindy Schmidt to invest and reinvest District funds pursuant to Board authorization.

Upon motion duly made and seconded, the Board voted unanimously to approve (1) the Bookkeeper's Report, (2) the checks presented for payment, and (3) the Resolution Authorizing the Investment and Transfer of Funds. A copy of said Resolution is on file in the official records of the District.

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 92.28%. Mr. Plunkett reported that apparently the water leak on South Hampton contributed to the low billed to pumped ratio in the previous month.
- There were no delinquent uncollectable accounts presented for "write off" and release to a collection agency.

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- Last month 18,802,000 gallons of water were produced, of which 18,526,000 gallons were supplied by the North Harris County Regional Water Authority (“RWA”).
-the meter on the emergency water interconnect line with Kleinwood Municipal Utility District (“KMUD”) is not operational. The contract with KMUD requires a meter. The meter has not been operational since the 1980’s, Mr. Plunkett reported. The emergency interconnect is seldom used and the cost of a meter is approximately \$9,000. In addition, when meters are not operational on a continuous basis, meters do not function properly. The Board discussed whether to replace the meter and asked Mr. Plunkett to contact KUMD and ask their opinion on installing a new meter.

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 Phase II Evaluation

The District awarded the contract for the Sanitary Sewer Phase II Evaluation to CleanServe, LLC in the amount of \$15,802.55 AEI presented Pay Estimate No. 2 and Final in the amount of \$1,745.05. Also presented were the Certificates of Completion and Acceptance.

Sanitary Sewer Rehabilitation Phase IIA

AEI requested approval to advertise for bids the sanitary sewer rehabilitation Phase IIA project.

Tract on 6995 Louetta/Huckabay Tract

The District sent a letter to HC24 formally requesting service to the Huckabay Tract.

Renewal of Waste Discharge Permit

The District’s Waste Discharge Permit for the wastewater treatment plant will expire on January 31, 2018. The application to renew the waste discharge permit must be filed with the Texas Commission on Environmental Quality (the “TCEQ”) on or before 180 days of the expiration of the Waste Discharge Permit. AEI is preparing the application to renew the waste discharge permit.

Water Plant Evaluations

AEI presented the results of the water tank evaluation for the 420,000 gallon ground storage tank at water plant 2 (hatch inspection). The Board noted that the exterior is in good condition with some areas

of light corrosion on the piping, roof vent and exterior bolts. The interior is also in good condition with minor staining below the high water level. AEI recommended that the District replace the gasket material on the overflow hatch, and monitor the areas of corrosion on the exterior of the tank.

AEI will present at the June meeting the evaluations of the 340,000 gallon ground storage tank and 10,000 gallon hydropneumatic tank at water plant 3.

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 (1) approve the Engineer's Report, (2) approve Pay Estimate No. 2 and Final in the amount of \$1,745.05 to CleanServe, (3) authorize AEI to prepare the plans and specifications for the Phase IIA rehabilitation, and (4) authorize the replacement of the gasket material on the overflow hatch on the 420,000 gallon ground storage tank at water plant 2.

ATTORNEY'S REPORT

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

Website

No action was taken on the website.

Consumer Confidence Report ("CCR")

Consideration was then given to the CCR.

Upon motion duly made and seconded, the Board voted unanimously to approve the CCR, a copy of which is on file in the official records of the District.

Resolution Regarding Annual Review of Emergency Preparedness Plan

Consideration was next given to a proposed Resolution Regarding Annual Review of Emergency Preparedness Plan ("EPP"). AEI will review the EPP, and provide updates of the information contained in the EPP as necessary.

Upon motion duly made and seconded, the Board voted unanimously to approve the Resolution Regarding Annual Review of Emergency Preparedness Plan. A copy of said Resolution is on file in the official records of the District.

Unclaimed Property Report

Ms. Parker informed the Board that as of March 1, of each year property that is presumed to be abandoned must be reported to the Comptroller on or before July 1. It was noted that the Bookkeeper prepared the Unclaimed Property Report for the period ending April 30, 2017.

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

REPAIRS/MAINTENANCE OF ADMINISTRATIVE BUILDING

No action was taken on repairs to the Administrative Building.

GENERAL MANAGER

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

ELECTRICAL CONTRACT

No action was taken on the electrical contract.

LAWSUIT FLED BY SUPERIOR COATING

Ms. Parker updated the Board on the lawsuit filed by Superior Coating against Williams Painting (contractor on the elevated storage tank).

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

Approved this June 17, 2017


Secretary, Board of Directors