

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

June 12, 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, June 12, 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, 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 May 8, 2017, previously distributed to the Board, were presented for consideration and approval. The Board noted certain changes to the minutes.

Upon motion duly made and seconded, the Board voted unanimously to approve the minutes of the meeting of May 8, 2017, as changed.

**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 96.72% of its 2016 personal and real property taxes.

The estimated value (exclusive of personal property) as of January 1, 2017 is \$268,146,647, which is a 2.12% increase over 2016.

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**

<sup>Board</sup> The next reviewed the Delinquent Tax Report as submitted by Perdue Brandon Fielder Collins & Mott LLP (“PB”), a copy of which is attached hereto. PB submitted a List of Uncollectable Delinquent Personal Property Accounts to be placed on the Uncollectable Tax Roll.

Upon motion duly made and seconded, the Board voted unanimously to approve the PB Delinquent Tax Report, and to authorize the Tax Assessor/Collector to place on the Uncollectable Tax Roll the delinquent uncollectable personal property accounts listed on the List of Uncollectable Delinquent Personal Property Accounts.

**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.

Upon motion duly made and seconded, the Board voted unanimously to approve (1) the Bookkeeper’s Report, (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 94.69%.
- There were no delinquent uncollectable accounts presented for “write off” and release to a collection agency.
- Last month 24,451,000 gallons of water were produced, of which 18,377,000 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. 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 register water flow accurately.~~ At the May meeting, the Board discussed whether to replace the meter and asked Mr. Plunkett to contact KUMUD and ask their opinion on installing a new meter. Mr. Plunkett stated that he has not yet contacted KMUD, and will do so later this month.

-the programable logic controller ("plc") at the water plant is not operating properly. Eagle is in the process of obtaining two bids.

Upon motion duly made and seconded, the Board voted unanimously to (1) approve the Operations Report, (2) authorize Eagle to write off the delinquent uncollectable accounts presented for "write off", if any, and (3) authorize Director Hanz to approve the bid for the replacement of the plc.

### **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 IIA Rehabilitation**

AEI is in the process of designing the sanitary sewer Phase IIA Rehabilitation.

#### **Tract on 6995 Louetta/Huckabay Tract**

The District received a letter from Harris County MUD No. 24 ("HC24") stating that HC24 will provide water and sanitary sewer service to the Huckabay Tract, provided that the District remits to HC24 all property taxes collected on the Huckabay Tract. The Board deferred action on this matter pending an analysis concerning the cost of services 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 340,000 gallon ground storage tank at water plant 3. The Board noted that the exterior is in good condition with some areas of light corrosion on the piping. The interior is also in good condition with light corrosion and minor staining below the high-water level mark. AEI recommended that the District continue monitoring the corrosion on the tank.

AEI presented the evaluation of the north 10,000 gallon hydropneumatic tank at water plant 3. The exterior of the tank is in good condition with minor corrosion on the level indicator. The interior is in fair condition with minor corrosion. AEI recommended that the District continue monitoring the corrosion on the tank.

AEI presented the evaluation of the south 10,000 gallon hydropneumatic tank at water plant 3. The exterior of the tank is in good condition with minor corrosion on the yard piping. The interior is in fair condition with minor corrosion. AEI recommended that the District continue monitoring the corrosion on the tank.

### **Emergency Preparedness Plan**

AEI reviewed and noted no changes were necessary to the Emergency Preparedness Plan.

### **Plan Review**

Wimbledon Estates Homeowners Association (“HOA”) requested that the District review the HOA park plans for issues relating to drainage. The Board agreed that Mr. Newton will contact Mr. Murr, the landscape architect for the HOA to discuss the scope of the review. The Board asked Mr. Newton to provide an estimate of cost based on the scope of services.

### **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.

### **REPAIRS/MAINTENANCE OF ADMINISTRATIVE BUILDING**

It was noted that the air conditioning system at the Administrative Building was not operating properly. Eagle contacted a contractor to repair the air conditioning system.

### **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).

**ELECTION OF OFFICERS**

Consideration was then given to the election of officers.

Upon motion duly made and seconded, the Board voted unanimously to elect the following slate of officers:

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

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

Approved this July 10, 2017.

  
Secretary, Board of Directors