

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

December 11, 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, at 11450 Compaq Center Drive, Suite 660, Houston, Harris County, Texas, a designated meeting place of the Board outside the boundaries of the District, on Monday, December 11, 2017, whereupon the roll was called of the members of the Board, to-wit:

Ron Koval	President
Karen Stepchinsky	Vice President
Robert Rasch	Secretary
Paul Laven	Assistant Secretary
Mark Hanz	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; Nancy Blackwell 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 Vice President called the meeting to order and the following business was transacted.

APPROVAL OF MINUTES

Proposed minutes of the meetings of November 13, 2017 and November 20, 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 meetings of November 13, 2017, and November 20, 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 97.90% 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 next reviewed the Delinquent Tax Report as submitted by Perdue Brandon Fielder Collins & Mott LLP ("PB"), a copy of which is attached hereto. The Board agreed to defer service terminations to the accounts owing delinquent taxes due to Hurricane Harvey.

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

Ms. Loggins submitted to and reviewed with the Board a draft budget for fiscal year ending December 31, 2018, a copy of which is on file in the official records of the District. The Board noted certain changes to the budget.

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 budget for fiscal year ending December 31, 2018, as changed.

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.
- the billed to pumped ratio was 91.97%.
- there were no delinquent uncollectable accounts presented for "write off" and release to a collection agency.

-last month 14,040,000 gallons of water were produced, of which 11,315,000 gallons were supplied by the North Harris County Regional Water Authority (“RWA”), and 2,725,000 gallons were supplied by District 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.

HURRICANE HARVEY RECOVERY

The Board recognized Mr. Plunkett, who updated the Board on the repairs to facilities that sustained damage due to Hurricane Harvey. The District has received an initial payment from the insurance carrier of \$80,000 for damage sustained to District facilities. Mr. Plunkett met with FEMA to discuss items that were damaged and may be eligible for reimbursement from FEMA.

District Administration Building – Flood waters entered the Administration Building, damaging the interior and office equipment located in the office. Repairs to the Administration Building are estimated at \$42,515, plus the cost of \$5,672 to replace the roof. Mr. Plunkett reminded the Board that at the meeting on November 13, 2017, they asked him to verify whether any of the interior walls are load bearing. He stated that some of the walls are load bearing, and that in his opinion structural changes cannot be made to the building. The Board then discussed whether to repair the building or to demolish it.

Upon motion duly made and seconded, the Board by majority vote authorized proceeding with repairs to the building. Director Laven voted nay on the motion.

Water Plant 2 – A few minor repairs are left at Water Plant 2. Water Plant 2 is operational.

Wastewater Treatment Plant – A few minor repairs remain at the wastewater treatment plant.

ENGINEER’S REPORT

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

Sanitary Sewer Phase IIA Rehabilitation

At the meeting on September 11, 2017, awarded the contract for the sanitary sewer Phase IIA Rehabilitation to Cruz Tec, Inc. (“Cruz Tec”) in the amount of \$148,155.00, including Alternate No. 1 for a total bid prove of \$159,070.00. This project is in progress.

Tract on 6995 Louetta/Huckabay Tract

At the meeting on September 11, 2017, the Board agreed to HC24's agreement to serve the Huckabay Tract provided that:

1. Mr. Huckabay and the District enter into an agreement with HC24 that provides that the District and Mr. Huckabay will do all things necessary, and sign all necessary documents to accomplish de-annexation of the Huckabay Tract from the District and annexation into HC24;
2. Mr. Huckabay will pay all costs of annexation/de-annexation; and
3. Mr. Huckabay will bear all costs of connection to HC24's system without reimbursement;
4. if de-annexation/ annexation is not accomplished prior to the end of calendar year 2019, then Huckabay agrees pay to HC24 a payment in lieu of taxes ("PILOT"), based upon the taxable value of the entire tract plus improvements, multiplied by the HC24 tax rate, divided by 12 and added to each monthly water and sewer bill. The PILOT payment will begin in January of 2020 if the annexation into HC24 has not been completed.

AEI had nothing new to report in connection with this matter.

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 submitted the Application to the TCEQ, and it was declared administratively complete on August 7, 2017. AEI made the first publication of the draft permit as required by TCEQ rules on August 16, 2017, and will proceed with publishing the second notice.

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.

Resolution Regarding Eminent Domain

Consideration was then given to a proposed Resolution Regarding Eminent Domain.

Upon motion duly made and seconded, the Board voted unanimously to approve the Resolution Regarding Eminent Domain. A copy of said Resolution is on file in the official records of the District.

Agreement with Harris County Traffic Signal

The Board next considered a proposed Agreement with Harris County for a traffic signal upgrade.

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

ELECTRICAL CONTRACT

No action was taken on the electrical contract.

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

Approved this January 8, 2018.


Secretary, Board of Directors