

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

February 12, 2018

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, February 12, 2018, whereupon the roll was called of the members of the Board, to-wit:

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 Adam Lightfoot, resident of the District; 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 Rylan 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 meeting of January 8, 2018, 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 January 8, 2018, 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 89.73% of its 2017 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.

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'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 Vice 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 891.
- there were no excursions at the wastewater treatment plant.
- the billed to pumped ratio was 92.06%.
- there were no delinquent uncollectable accounts presented for "write off" and release to a collection agency.
- last month 11,551,000 gallons of water were produced, of which 9,677,000 gallons were supplied by the North Harris County Regional Water Authority ("RWA"), and 1,874,000 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. Repairs are complete to water plant 2, water plant 3 and the wastewater treatment plant. Repairs to the District building are in progress.

With regard to assistance from FEMA, The Board agreed that if the insurance carrier pays substantially all the cost of repairs related to Hurricane Harvey, it may not be necessary to seek reimbursement from FEMA. Accordingly, no action was taken on the FEMA application at this time.

ENGINEER'S REPORT

The Vice President recognized Ms. Blackwell, who presented the Engineer's Report.

Sanitary Sewer Phase IIA Rehabilitation

At the meeting on September 11, 2017, the Board 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 application to renew the District's Waste Discharge Permit was timely filed with Texas Commission on Environmental Quality (the "TCEQ").

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.

Agreement with Harris County MUD No. 24 (“HC24”)

The Board noted that HC24 has not submitted a draft contract for review on the Huckabay Tract.

Agreement with Harris County Traffic Signal

Ms. Parker then updated the Board on the proposed Agreement with Harris County for a traffic signal upgrade.

Engage Attorney To Collect Delinquent Taxes

Consideration was then given to engaging an Attorney to collect the District’s delinquent taxes. The Board noted that the District has a contract with Perdue, Brandon, Fielder & Mott, LLP to collect the District’s delinquent taxes and that such contract continues until terminated.

Upon motion duly made and seconded, the Board voted unanimously to engage the services of Perdue, Brandon, Fielder & Mott, LLP to collect the District’s delinquent taxes, including the 2017 taxes that are delinquent on July 1, 2018, and thereafter.

Resolution Regarding 20% Penalty

Consideration was next given to a proposed Resolution Concerning 20% Penalty.

Upon motion duly made and seconded, the Board voted unanimously to approve the Resolution Concerning 20% Penalty, thereby imposing an additional 20% penalty on the 2017 taxes delinquent on July 1, 2018, and thereafter. A copy of said Resolution is on file in the official records of the District.

Resolution Concerning Tax Exemptions For 2018

Consideration was next given a proposed Resolution Concerning Tax Exemptions for 2018.

Upon motion duly made and seconded, the Board voted unanimously to approve the Resolution Concerning Tax Exemptions for 2018. A copy of said Resolution is on file in the official records of the District.

Order Calling Directors Election

Consideration was then given to a proposed Order Calling Directors Election.


Upon motion duly made and seconded, the Board voted unanimously to approve Order calling Directors Election, 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 March 12, 2018.


Secretary, Board of Directors