

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

April 9, 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 15705 North Greenfield Drive, Spring, Harris County, Texas, a designated meeting place of the Board inside the boundaries of the District, on Monday, April 9, 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
Vacant	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 Rylan LaRue with Sanford Kuhl Hagan Kugle Parker Kahn LLP ("SKLaw"), Attorney for the District.

The meeting to order and the following business was transacted.

APPROVAL OF MINUTES

Proposed minutes of the meeting of March 12, 2018, previously distributed to the Board, were presented for consideration and approval. The Board noted a change to the minutes.

Upon motion duly made and seconded, the Board voted unanimously to approve the minutes of the meeting of March 12, 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 95.50% 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 Board 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 886.
- there were no excursions at the wastewater treatment plant.
- the billed to pumped ratio was 95.12%.
- there were no delinquent uncollectable accounts presented for "write off" and release to a collection agency.
- last month 14,793,000 gallons of water were produced, of which 12,757,000 gallons were supplied by the North Harris County Regional Water Authority ("RWA"), and 2,036,000 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. He stated that all repairs are complete.

The Board noted that an additional insurance check was received in the amount of \$39,372.36 as final payment for damages related to Hurricane Harvey. To date the District has received insurance proceeds of \$214,423.99. 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 as the District is likely to incur fees and costs to continue the claim with FEMA,

Upon motion duly made and seconded, the Board voted unanimously to authorize the Attorney and Operator to proceed with the claim with FEMA to the extent that the recovery costs exceed the insurance reimbursement by \$10,000.

Consideration was then given to hiring Ron Koval and Katherine Newman to perform services related to the Administration Building.

Upon motion duly made and seconded, the Board voted unanimously to hire Ron Koval and Katherine Newman for thirty days to perform services in connection with the Administration Building,

ENGINEER'S REPORT

The Board 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. Ms. Blackwell reported that the project is complete. She presented Pay Estimate No. 2 in the amount of \$70,511.04 for Board approval.

Water Plant 2 GST Inspection

The annual inspection of the ground storage tanks at water plant 2 is scheduled for this month.

Water Plant 3 GST Inspection

The annual inspection of the ground storage tank at water plant 3 is due for its annual inspection.

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 to Cruz Tec, and (3) authorize AEI to proceed with the annual inspection of the ground storage tank at water plant 3.

ATTORNEY'S REPORT

The Board recognized Ms. Parker, who presented the Attorney's Report. It was noted that the Board adopted to Oder Calling Directors Election at the meeting on February 13, 2018, and that in accordance with the Order the rate of pay for the election officials will be \$15.00 per hour.

Agreement with Harris County MUD No. 24 ("HC24")/ 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.

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

Resolution Regarding Annual Review of Red Flags Policy

Consideration was next given to a proposed Resolution Regarding Annual Review of Red Flags Policy.

Upon motion duly made and seconded, the Board voted unanimously to approve the Resolution Regarding Annual Review of Red Flags Policy. 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 April 30 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 Unclaimed Property Report will be presented at the May meeting.

ELECTRICAL CONTRACT

No action was taken on the electrical contract.

Trash Survey

Director Hanz discussed with the Board complaints he has received regarding trash service. He stated that he will present a list of questions for a trash survey at the next meeting.

Website

No action was taken on the website.

AUDIT FOR FISCAL YEAR ENDED DECEMBER 31, 2017

Preparation of the audit for fiscal year ended December 31, 2017 is not complete, accordingly, the Board took no action on the audit.

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

Approved this

May 14, 2018



Secretary, Board of Directors