

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

July 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, July 9, 2018, whereupon the roll was called of the members of the Board, to-wit:

Robert Rasch	President
Paul Laven	Vice President
Adam Lightfoot	Secretary
Carl Sandhoff	Assistant Secretary
Chaz Logan	Director-elect

All members of the Board were present, thus constituting a quorum.

Also present at the meeting were, Drew Masterson with Masterson & Advisors, LLP; Shannon Waugh with Off Cinco; members of the public listed on the attached Attendance Sheet; Debra Loggins with L&S District Services ("L&S"), Bookkeeper for the District; Nancy Blackwell and Sherry Grant with AEI Engineering, LLC ("AEI"), Engineer for the District; Mike Plunkett with Eagle Water Management, Inc. ("Eagle"), Operator for the District; Yvonne Luevano and Miranda Burks with Wheeler & Associates, Inc. ("Wheeler"), Tax Assessor/Collector for the District; and Maria Salinas Parker and Ryan LaRue with Sanford Kuhl Hagan Kugle Parker Kahn LLP ("SKLaw"), Attorney for the District.

The meeting was called to order and the following business was transacted.

APPROVAL OF MINUTES

Proposed minutes of the meetings of June 11, 2018, and June 27, 2018, previously distributed to the Board, were presented for consideration and approval. Director Laven noted certain changes to the minutes.

Upon motion duly made and seconded, the Board voted unanimously to approve the minutes of the meetings of June 11, 2018 and June 27, 2018, as changed.

HEAR FROM PUBLIC

The Board recognized Mr. Schwenkel, who addressed the Board concerning trash issues. The Board recognized Ms. Tremonte, who addressed the Board concerning the water and sanitary sewer rates charged by the District.

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 97.16% 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, and to authorize the termination of service to property owners owing the District delinquent taxes.

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.

The Board then reviewed a projected budget for fiscal year ending December 31, 2019. No action was taken said budget.

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 881.
- there were no excursions at the wastewater treatment plant.
- the billed to pumped ratio was 93.78%.
- there were no delinquent uncollectable accounts presented for "write off" and release to a collection agency.
- last month 23,205,000 gallons of water were produced, of which 22,356,000 gallons were supplied by the North Harris County Regional Water Authority ("RWA"), and 849,000 gallons were supplied by District wells.
- the Board discussed trimming of the trees and shrubbery around the office parking lot.

- the emergency generators have been serviced and tested.
- a List of Uncollectable Delinquent Service Accounts was presented for “write off.”

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 Board recognized Ms. Blackwell, who presented the Engineer’s Report.

Long Term Capital Projects Plan

The Long-Term Capital Projects Plan (“CPP”) is attached to the Engineer’s Report. The CPP has been updated to reflect work authorized and completed. AEI presented an updated sanitary sewer rehabilitation map for the Board’s review.

The Board then discussed proceeding with the Phase IIB of the sanitary sewer rehabilitation.

Emergency Preparedness Plan (“EPP”)

The updated EPP has been completed and filed with all regulatory authorities.

Service Request

AEI is waiting for Harris County to submit revised plans for the improvements to the Harris County Courthouse on Cypresswood Drive.

Upon motion duly made and seconded, the Board voted unanimously to approve the Engineer’s Report, and to authorize the Engineer to proceed with the preparation of plans and specifications for the Phase IIB sanitary sewer rehabilitation.

ATTORNEY’S REPORT

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

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 to 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.

Maintenance Tax Election

The Board then discussed calling a Maintenance Tax Election for November 6, 2018.

The Board deferred action on this matter.

WEBSITE

The Board recognized Ms. Waugh, who reviewed with the Board the website services provided by Off Cinco.

Upon motion duly made and seconded, the Board voted unanimously to engage the services of Off Cinco on a contract hourly limited basis to post items on the website.

FINANCIAL ADVISOR'S CONTRACT

The Board recognized Mr. Masterson, who informed the Board that the water district advisory group associated with Hilltop Securities resigned from Hilltop Securities and formed Master Advisors, LLC ("Masterson"). He asked the Board to consider engaging Masterson as the District's financial advisor. He then reviewed with the Board a proposed Agreement with Masterson, stating that the terms are essentially the same as the District's agreement with Hilltop Securities. Hourly rates have been adjusted, he added.

Upon motion duly made and seconded, the Board voted unanimously to terminate the District's Agreement with Hilltop Securities, and to approve the Agreement with Masterson, a copy of which is on file in the official records of the District.

PROPOSAL TO RENEW INSURANCE

The proposal to renew the District's insurance is not complete and will be presented next month.

THE COALITION TO STOP THE FLOODING OF CYPRESS CREEK (The "Coalition")

There was no discussion on the Coalition in its efforts to stop the flooding on Cypress Creek.

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

Approved this 13TH OF AUGUST, 2018



Secretary, Board of Directors