

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

November 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 15705 North Greenfield Drive, Spring, Harris County, Texas, a designated meeting place of the Board inside the boundaries of the District, on Monday, November 12, 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

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

Also present at the meeting were, Wendy Swinarsky with BKD, LLP (“BKD”), auditor for the District; Debra Loggins with L&S District Services (“L&S”), Bookkeeper for the District; Wayne Cherry and Nancy Blackwell with AEI Engineering, LLC (“AEI”), Engineer for the District; Mike Plunkett and Doug McAbee with Eagle Water Management, Inc. (“Eagle”), Operator for the District; Miranda Burks with Wheeler & Associates, Inc. (“Wheeler”), Tax Assessor/Collector for the District; Heather White, resident of the District; and Ryan L. LaRue and Maria Salinas Parker 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 October 8, 2018 and October 22, 2018, previously distributed to the Board, were presented for consideration and approval.

Upon motion duly made and seconded, the Board voted unanimously to approve the minutes of the meetings of October 8, 2018, as changed, and October 22, 2018, as submitted.

**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. Burks, who submitted to and reviewed with the Board the Tax Assessor/Collector’s Report. Ms. Burks noted that the District has collected 98.16% 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.

**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 draft budget for fiscal year ending December 31, 2019. The Board noted several changes to the budget; and asked Ms. Loggins to present the budget at the December meeting with the noted changes.

Upon motion duly made and seconded, the Board voted unanimously to approve (1) the Bookkeeper's Report, and (2) the checks presented for payment.

**AUDITOR FOR FISCAL YEAR ENDING DECEMBER 31, 2018**

The Board recognized Ms. Swinarsky, who presented a proposed Letter of Engagement to perform the audit for fiscal year ending December 31, 2018. She estimated a cost of \$15, 500 to audit the District accounts, and \$2,000 to audit the Joint Facilities Account.

Upon motion duly made and seconded, the Board voted unanimously to accept the Letter of Engagement from BKD, a copy of which is on file in the official records of the District.

**ORDER CANCASSING MAINTNEANCE TAX ELECTION**

Consideration was then given to adopting a proposed Order Canvassing Maintenance Tax Election. The Board noted that the maintenance tax proposition passed at the election held on November 6, 2018.

Upon motion duly made and seconded, the Board voted unanimously to adopt the Order Canvassing Maintenance Tax Election. A copy of said Order is on file in the official records of the District.

## **2018 TAX LEVY**

The Board then discussed the levy of a maintenance tax for 2018. Ms. Parker reminded the Board that setting a tax rate is a two-step process. The first step consists of (i) establishing the maximum tax rate for publication; (ii) calling a public hearing on the proposed tax rate; and (iii) authorizing the Tax Assessor/Collector to publish notice of the proposed tax rate and public hearing. The second step is conducting the public hearing and officially setting the tax rate.

Upon motion duly made and seconded, the Board voted unanimously to (1) establish its intent to levy a maintenance and operation tax not to exceed \$0.115 per \$100 assessed value; (2) call a public hearing for 5:30 p.m., Monday, December 10, 2018, on the proposed tax rate; and (3) authorize the Tax Assessor/Collector to publish notice of the proposed tax rate and public hearing.

## **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 882.
- there were no excursions at the wastewater treatment plant.
- the billed to pumped ratio was 89.84%.
- there were no delinquent uncollectable accounts presented for "write off" and release to a collection agency.
- last month 13,842,000 gallons of water were produced, of which 12,586,000 gallons were supplied by the North Harris County Regional Water Authority ("RWA"), and 1,256,000 gallons were supplied by District wells.

Mr. Plunkett reminded the Board that at the October meeting he reported that the electrical meter pole at water plant 1 collapsed, thereby interrupting electrical service. He stated that the collapse was caused by rotten wood. As water plant 1 is not used, and is scheduled to be removed, Mr. Plunkett stated that the District may choose not to restore electrical service. In any event, he added that the electrical service provided could be reduced. Mr. Plunkett stated that the District has three options. Option 1 is to restore electrical service to its prior condition at a cost of \$31,250, Option 2, is to install a 200 amp 480 volt service at a cost of \$22,850, and Option 3 is to convert to 200 amp 120/240 volt single phase service which is estimated at \$3,700. Option 3 will require the Engineer to prepare a survey.

Mr. Plunkett then reported that a contractor for Spring Creek Mud while working in the road-right-of-way, severed the District's water line. He added that the water line was repaired, and that Spring Creek MUD will be back charged for the repairs.

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, (3) accept Option 3 for electrical service at water plant 1, and (4) authorize AEI to perform the survey for the restoration of electrical service at water plant 1.

## **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. She introduced Mr. Cherry to the Board, and stated that Mr. Cherry will be attending District meetings on behalf of AEI.

## **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.

## **Phase IIB Sanitary Sewer Rehabilitation**

Bids were received for the Phase IIB sanitary sewer rehabilitation on November 6, 2018. A low bid was submitted by T. Gray Utility & Rehab Co. in the base bid amount of \$138,064.50, plus \$42,000.00 for Alternate 1 and \$9,805.00 for Alternate 2, for a total bid of \$189,869.50.

Upon motion duly made and seconded, the Board voted unanimously to approve the Engineer's Report, and to award the contract for the Phase IIB sanitary sewer rehabilitation T. Gray Utility & Rehab Co. in the base bid amount of \$138,064.50, plus \$ 42,000.00 for Alternate 1 and \$9,805.00 for Alternate 2, for a total bid of \$189,869.50.

## **ATTORNEY'S REPORT**

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

Upon motion duly made and seconded, the Board voted unanimously to approve the Attorney's Report.

## **Agreement with Harris County MUD No. 24 ("HC24")/ Tract on 6995 Louetta/Huckabay Tract**

Ms. Parker reported that as the District is contemplating excluding the Huckabay tract from the District, there is no need for the District to enter into an agreement with HC24. Ms. Parker stated Huckabay submitted a check in the amount of \$10,000 to cover de-annexation costs. She added that she talked to Mr. Huckabay and he is ready to proceed with the exclusion. The next step is to approve a resolution setting forth the District's intent to exclude the land and to call a public hearing on the proposed exclusion. Ms. Parker informed the Board that both items relating to the exclusion will be added to the meeting agenda for December.

## **WEBSITE**

No action was taken on the website.

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

Approved this December 10, 2018.

  
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Secretary, Board of Directors