

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

January 14, 2019

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, January 14, 2019, whereupon the roll was called of the members of the Board, to-wit:

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

All members of the Board were present except Directors Logan and Lightfoot, thus constituting a quorum. Directors Logan and Lightfoot entered the meeting in progress.

Also present at the meeting were Drew Masteron with Masterson Adviser, LLC, Financial Advisor to the District; Greg Huckabay, Roy Huckabay and Meredith Ellis, representing RLH 123 Management, LLC; Allen DeJonger with Off Cinco, web manager for the District; Debra Loggins with L&S District Services ("L&S"), Bookkeeper for the District; Wayne Cherry with AEI Engineering, LLC ("AEI"), Engineer for the District; Mike Plunkett and Doug McAbee with Eagle Water Management, Inc. ("Eagle"), Operator for the District; Yvonne Luevano with Wheeler & Associates, Inc. ("Wheeler"), Tax Assessor/Collector for 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.

PUBLIC HEARING ON EXCLUSION OF LAND

The Board opened the meeting to a public hearing on the proposed exclusion of a 5.1016-acre tract from the District. The Board noted that:

1. Section 49.303(a) of the Texas Water Code, as amended, provides that, if a district has no outstanding bonds payable in whole or in part from taxes.
2. Section 49.303(b) of the Texas Water Code, as amended, further provides that the board of the district may, on its own motion, call a hearing on the question of the exclusion of land or other property from the district, if the district has no outstanding bonds payable in whole or in part from taxes.
3. The District has no outstanding bonds payable in whole or in part from taxes.

4. RLH 123 Management, L.C. (“Owner”) owns a 5.1016-acre tract of land (the “Property”), which Property is located within the boundaries of the District.
5. Extending, either presently or in the future, the benefits, service, or protection of the District’s facilities would create an undue economic burden on the remainder of the District.
6. Retaining the Property within the District would be arbitrary and unnecessary to conserve the public welfare, and would impair or destroy the value of the Property desired to be excluded.
7. It is in the best interest of the District (1) to exclude the Property from the District and (2) pursuant Section 49.303(b) of the Texas Water Code, as amended, on its own motion call a hearing (“Public Hearing”) on the question of the excluding the Property from the District.
8. Notice of the Public Hearing (“Notice of Public Hearing”) was published once per week for two consecutive weeks in a newspaper with general circulation thin the District.
9. The first publication of the notice of Public Hearing appeared at least 14 days before the day of the Public Hearing.
10. The Notice of Public Hearing advised all interested property owners of their right to present petitions for exclusions of land or other property and to offer evidence in support of the petitions and their right to contest any proposed exclusion based on either a petition or the Board's own conclusions and to offer evidence in support of the contest.

Noting that the members of the public present at the meeting had no comment on the proposed exclusion, the public hearing was adjourned.

ORDER EXCLUDING LAND AND REDEFINING BOUNDARIES

Consideration was next given to a proposed Order Excluding Land and Redefining Bounda0ires.

Upon motion duly made and seconded, the Board voted unanimously to approve the Order Excluding Land and Redefining Boundaries, a copy of which is on file in the official records of the District.

AMENDED NOTICE TO SELLERS AND PURCHASERS

Consideration was then given to a proposed Notice to Sellers and Purchaser which notice sets forth the new boundaries of the District.

Upon motion duly made and seconded, the Board voted unanimously to approve the Amended Notice to Sellers and Purchasers, a copy of which is on file in the official records of the District.

CONTRACTING FOR SERVICES OF PEACE OFFICER

Consideration was then given to contracting with Harris County for the services of a peace officer. The Board noted that Harris County Precinct 4 submitted the contract for the services of one Constable beginning March 1, 2019.

Upon motion duly made and seconded, the Board voted unanimously to approve the contract with Harris County for the services of one peace officer through Harris County Precinct 4 Constables Office at an annual cost of \$69,165 on a 70/30- time basis.

ADDENDUM TO TRASH CONTRACT

Consideration was then given to a proposed Addendum to Trash Contract which provides for changing the time for the second Saturday pick up from to 12:30 p.m. to 11:00 a.m.

Upon motion duly made and seconded, the Board voted unanimously to approve the Addendum to Trash Contract, a copy of which is on file in the official records of the District.

APPROVAL OF MINUTES

Proposed minutes of the meeting of December 10, 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 meeting of December 10, 2018.

EMAIL BLAST

The Board recognized Mr. Allen DeJonger, who reviewed with the Board a proposal for email eblasts.

Upon motion duly made and seconded, the Board voted unanimously to approve the proposal from Off Cinco for unlimited text and email service for ninety days at a cost of \$50 each.

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 24.10% of its 2018 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. It was noted that PB recommended that the District remove to the Uncollectable Tax Roll the uncollectable, delinquent, personal property taxes owed by Greg Scott Hickey in the amount of \$357.59. The four-year statute of limitations on personal property has passed.

Upon motion duly made and seconded, the Board voted unanimously to approve removing to the Uncollectable Tax Roll the uncollectable, delinquent, personal property taxes owed by Greg Scott Hickey in the amount of \$357.59.

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. McAbee, 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 884.
- there were no excursions at the wastewater treatment plant.
- the billed to pumped ratio was 88.41%.
- there were no delinquent uncollectable accounts presented for "write off" and release to a collection agency.
- last month 10,927,000 gallons of water were produced, of which 10,844,000 gallons were supplied by the North Harris County Regional Water Authority ("RWA"), and 83,000 gallons were supplied by District wells.

In response to a question from Director Lightfoot, Mr. Plunkett stated that he would check on the status of Spring Creek Mud reimbursing the District for the cost to repair the water line damaged by a contractor for Spring Creek MUD while working in the road-right-of-way.

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 Mr. Cherry, 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.

Phase IIB Sanitary Sewer Rehabilitation

At the meeting on November 12, 2018, the Board awarded the contract for the Phase IIB sanitary sewer rehabilitation to T. Gray Utility & Rehab Co. ("Gray") in the base amount of \$138,064.50, plus \$42,000.00 for Alternate 1 and \$9,805.00 for Alternate 2, for a total contract amount of \$189,869.50. A preconstruction meeting was held on January 4, 2019. Gray is working on submittals, and is expected to mobilize January 14, 2019.

Water Plant 1/Elevated Storage Site Electrical Modifications

The electrical consultant for AEI, Baird & Gilroy, is preparing the plans and exhibits to submit to CenterPoint and Harris County for the electrical modifications at the Water Plant 1 site. The existing 480V, 3-phase service will be changed to 120/240v, single phase.

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.

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

ORDER CALLING BOND ELECTION

The Board next considered a proposed Order Calling Bond Election. The Board recognized Mr. Cherry, who submitted to and reviewed the Board a Summary of Costs for a proposed bond election on May 4, 2019. The Board recognized Mr. Masterson, who discussed with the Board tax rate projections.

The Board deferred action on the Order Calling Bond Election.

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

Approved this 11TH OF FEBRUARY, 2019



Secretary, Board of Directors