

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

February 11, 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, February 11, 2019, 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 Greg Lentz with Masterson Adviser, LLC, Financial Advisor to 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; 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; Michael Willett with Touch Stone District Services; Lance Wilson, Commissioner of Harris County ESD No. 16; 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 meeting of January 14, 2019, previously distributed to the Board, were presented for consideration and approval. Director Laven noted a minor change to the minutes.

Upon motion duly made and seconded, the Board voted unanimously to approve the minutes of the meeting of January 14, 2019, as changed.

HEAR FROM PUBLIC

The Board recognized Mr. Wilson, who reviewed with the Board the services provided by Harris County ESD No. 16 (“ESD16”). He stated that ESD 16 contracts with Klein VFD for firefighting services. He added that the ESD 16 has an IOS 2 rating.

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 83.84% 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.

Upon motion duly made and seconded, the Board voted unanimously to approve the PB Delinquent Tax Report.

BOOKKEEPER'S REPORT/INVESTMENT 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.

Ms. Loggins also presented the Quarterly Investment Report, a copy of which is on file in the official records of the District.

Upon motion duly made and seconded, the Board voted unanimously to approve (1) the Bookkeeper's Report, (2) the checks presented for payment, and (3) the Quarterly Investment Report.

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 90.59%.
- there were no delinquent uncollectable accounts presented for "write off" and release to a collection agency.
- last month 10,935,000 gallons of water were produced, of which 10,665,000 gallons were supplied by the North Harris County Regional Water Authority ("RWA"), and 270,000 gallons were supplied by District wells.

In response to a question from Director Lightfoot, Mr. McAbee 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. Gray has cleaned and televised most of the lines. Gray submitted pay estimate No. 1 in the amount of \$3,600 for approval by the Board.

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. AEI met with CenterPoint on January 30, 2019. CenterPoint submitted a cost of \$7,200 for its portion of the proposal.

Upon motion duly made and seconded, the Board voted unanimously to approve the Engineer’s Report, and Pay Estimate No. 1 to Gray.

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.

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 2018 taxes that are delinquent on July 1, 2019, 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 2018 taxes delinquent on July 1, 2019, and thereafter. A copy of said Resolution is on file in the official records of the District.

Resolution Concerning Tax Exemptions For 2019

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 2019. A copy of said Resolution is on file in the official records of the District.

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. Lentz, who discussed with the Board tax rate projections.

Upon motion duly made and seconded, the Board voted unanimously to approve the Order Calling Bond Election.

WEBSITE

The Board noted that fewer than 25 customers signed up for email alerts.

PEACE OFFICER REPORT

The Board noted that the Peace Officer will begin on March 1, 2019.

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

Approved this March 18, 2019.



Secretary, Board of Directors