

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

March 18, 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, March 18, 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 Sergeant Zitzmann, Lieutenant Atkinson and Lieutenant Barber, with Harris County Precinct 4; 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 and Mike Plunkett with Eagle Water Management, Inc. (“Eagle”), Operator for the District; Miranda Burks with Wheeler & Associates, Inc. (“Wheeler”), Tax Assessor/Collector for the District; 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 February 11, 2019, 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 February 11, 2019, 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.

PEACE OFFICER’S REPORT

The Board recognized Sergeant Zitzmann, who presented the Peace Officer’s Report.

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 92.21% 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

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 reported that there is an outstanding balance owed by Gregg Huckabay. Ms. Loggins reminded the Board that Mr. Huckabay agreed to pay all the costs incurred by the District in connection with excluding his tract of land from the District. Ms. Loggins stated that all costs have been applied and there is a shortfall of \$2,713.86. The Board instructed Ms. Loggins to invoice Mr. Huckabay for the outstanding balance.

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 90.59%. Eagle check the storm sewers to any unusual flows that may be contributing the low accountability.
- there were no delinquent uncollectable accounts presented for "write off" and release to a collection agency.

-last month 9,494,000 gallons of water were produced, of which 9,159,000 gallons were supplied by the North Harris County Regional Water Authority (“RWA”), and 335,000 gallons were supplied by District wells.

In response to a question from Director Lightfoot, Mr. Plunkett stated that he would contact the Engineer for Spring Creek Mud to inquire as to why the District has not been reimbursed for the cost to repair the water and sanitary sewer lines 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. 2 in the amount of \$62,005.91 for approval by the Board. AEI presented Change Order No. 1 to the Gray Contract which provides for (1) deducting \$37,000 in costs associated 370 linear feet of 24-inch pipe and related appurtenances and (2) adding \$32,566 for the substitution of 370 linear feet of 18-inch pipe and related appurtenances. Mr. Cherry stated that Change Order No. 1 will result in a decrease of \$4,440 to the Gray Contract.

Water Plant 1/Elevated Storage Site Electrical Modifications

The electrical consultant for AEI, Baird & Gilroy, is addressing comments to the plans and exhibits 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.

Annual Evaluation of Ground Storage Tanks

Mr. Cherry advised the Board that it is time for the annual hatch inspections of the ground storage tank water plant 1 and the ground storage tank at water plant 2.

Upon motion duly made and seconded, the Board voted unanimously to approve (1) the Engineer's Report, (2) Pay Estimate No. 2 to Gray, (3) Change Order No.1 to the Gray Contract and (4) proceeding with the hatch inspections of the ground storage tanks.

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.

Legislative Update

Ms. Parker updated the Board on legislative matters.

Order Adopting Code of Ethics and Establishing Policies Relating to Travel Expenditures, Fees of Office, Professional Services, Financial accounting Annual Operating Budget, Audit Committee and Meeting Conduct

Consideration was then given to a proposed Order Adopting Code of Ethics and Establishing Policies Relating to Travel Expenditures, Fees of Office, Professional Services, Financial accounting Annual Operating Budget, Audit Committee and Meeting Conduct.

Upon motion duly made and seconded, the Board voted unanimously to approve the Order Adopting Code of Ethics and Establishing Policies Relating to Travel Expenditures, Fees of Office, Professional Services, Financial accounting Annual Operating Budget, Audit Committee and Meeting Conduct. A copy of said Order is on file in the official records of the District.

BOND ELECTION

Ms. Parker then reviewed with the Board a Bond Election Schedule and Fact Sheet Concerning the Bond Election.

Upon motion duly made and seconded, the Board voted unanimously to approve (1) the Bond Election Schedule, thereby calling a public hearing on the Bond Election for April 8, 2019 at 7:00 p.m., (2) the Fact Sheet concerning the Bond Election, (3) sending the Fact Sheet to all customers in the next water bill, and (4) posting the Fact Sheet on the website.

WEBSITE

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

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

Approved this 8TH OF APRIL, 2019.

A handwritten signature in black ink, appearing to be 'J. S.', written over a horizontal line.

Secretary, Board of Directors