

MINUTES OF MEETING OF THE BOARD OF DIRECTORS

September 23, 2019

THE STATE OF TEXAS
COUNTY OF HARRIS
CYPRESS-KLEIN UTILITY DISTRICT

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The Board of Directors (the "Board") of Cypress-Klein Utility District (the "District") met in special 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, September 23, 2019, whereupon the roll was called of the members of the Board, to-wit:

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

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

Also present at the meeting were Heather White and Diane White, residents of the District; Debra Loggins with L&S District Services ("L&S"), Bookkeeper for the District; Mike Plunkett with Eagle Water Management, Inc. ("Eagle"), Operator for the District; Yvonne Luevano with Wheeler & Associates, Inc. ("Wheeler"), Tax Assessor/Collector for the District; and Maria Salinas Parker and Ryan L. 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 meeting of August 13, 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 August 13, 2019, as presented.

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

There was no Peace Officer's Report.

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 98.10% 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.

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 confirmed that the funds from the maturing certificates of deposit were invested in TexPool with the exception of retaining \$200,000 in Central Bank and \$100,000 in Compass Bank.

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 investment of District funds as set forth above.

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 885.
- there were no excursions at the wastewater treatment plant.
- invoices were sent to the Engineer for Spring Creek Mud for reimbursement of costs to repair the water and sanitary sewer lines damaged by a contractor for Spring Creek MUD while working in the road-right-of-way. The contractor has agreed to pay the District, subject to the District executing a release. Ms. Parker stated that she has reviewed the Release and is requesting certain changes.
- the billed to pumped ratio was 90.33%.

- there were no delinquent uncollectable accounts presented for “write off” and release to a collection agency.
- last month 22,426,000 gallons of water were produced, of which 22,398,000 gallons were supplied by the North Harris County Regional Water Authority (“RWA”), and 28,000 gallons were supplied by District wells.
- one of the water samples came by positive. It seems there was an issue with the sample method. The test was retaken and came back negative.

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, and (3) approve the Property Damage Release from DP Directional, LLC, subject to inclusion of the changes proposed by the Attorney.

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 the received the Engineer’s Report.

Long Term Capital Projects Plan

The Long-Term Capital Projects Plan (“CPP”) is attached to the Engineer’s Report.

Phase III Sanitary Sewer Rehabilitation

On August 12, 2019 the Board awarded the contract for the Phase II sanitary sewer rehabilitation to Magna Flow Environmental Services in the amount of \$38,021.25. The construction contracts were presented for Board execution.

Water Plant 1/Elevated Storage Site Electrical Modifications

With regard to the electrical modifications at the site for water plant 1, the electrical service pole has been installed. Eagle had conduit installed from the service pole to the new meter location. Once the service provider ESID number is received by CenterPoint, electrical service will be initiated.

Emergency Preparedness Plan (EPP)

AEI has received TCEQ approval of the updated EPP.

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.

Legislative Update

Ms. Parker then updated the Board on legislative matters.

The Board discussed:

House Bill 2706 – made revisions to the Public Funds Investment Act, updating the authorized investments for district funds. SKLaw will prepare for the Board's review and approval an amended Investment Policy, updated to reflect these changes.

Senate Bill 239 – Districts that provide water and/or sewer service must now provide on the billing to customers the following statement: "For more information about the district, including information about the district's board and board meetings, please go to the Comptroller's Special Purpose District Public Information Database or (district's website if the district maintains a website)." SKLaw will work with the district's operator to include the proper form of this statement on the water bills that will be sent to customers on or after September 1, the effective date of the law.

Senate Bill 944 – defined directors as "temporary custodians" of public information relating to district business, subjecting directors' personal accounts and devices to compliance with Texas Open Government laws. If a past or present director uses a personal device and/or email for district business, the director must now store all of such information or turn the information over to the district. In order to avoid potential complications regarding a personal device or account in connection with Texas Open Government laws, emails can be set up for each director to use for communicating all information relating to district business. SK Law is in the process of obtaining email accounts for the use by each director. SKLaw will begin directing all correspondence related to district business to these email accounts in advance of the September 1, 2019, effective date.

HB305 - To the extent a district maintains a website, House Bill 305 requires that certain information relating to the district be reflected on such website, including district contact information, directors' names, board meeting dates and locations, candidacy deadlines for election to the board, and notices and minutes of meetings. The law does not require a district to maintain a website if it does not already have one.

Upon motion duly made and seconded, the Board voted unanimously to take any and all action necessary to comply with the legislative changes noted above, and the agreement with Off Cinco to set up District email addresses for the directors.

2019 TAX LEVY

The Board then discussed the levy of a maintenance tax for 2019. 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 \$0.1150 per \$100 assessed value; (2) call a public hearing for 5:30 p.m., Monday, October 14, 2019, on the proposed tax rate; and (3) authorize the Tax Assessor/Collector to publish notice of the proposed tax rate and public hearing.

TRASH CONTRACT

There was no action on the trash contract.

WEBSITE

No action was taken on the website.

RESIGNATION OF DIRECTOR LAVEN

Consideration was then given to the resignation of Director Laven. The Board noted that Director Laven tendered his resignation.

Upon motion duly made and seconded, the Board voted unanimously to accept the resignation of Director Laven.

APPOINTMENT AND QUALIFICATION OF DIRECTOR

Consideration was then given to appointing a director to fill the unexpired term of Director Laven.

Upon motion duly made and seconded the Board appointed Diane White to fill the unexpired term of Director Laven.

At this time Ms. White took the Oath of Office and Statement of Appointed Official.

Upon motion duly made and seconded, the Board voted unanimously to accept the Oath of Office and Statement of Appointed Official, thus qualifying Ms. White to serve on the Board.

INSTALLATION OF DISTRICT SIGNS

The signs at the intersections of (1) Wimbledon Estates at Stuebner Airline and (2) Wimbledon Forest at Louetta will be installed.

EQUIPMENT AND SUPPLIES FOR DISTRICT OFFICE

The Board discussed purchasing a paper shredder, refrigerator, water and snacks for the District office.

Upon motion duly made and seconded, the Board voted unanimously to purchase a paper shredder, refrigerator, water and snacks for the District office

REQUEST FROM WIMBLEDON ESTATES HOA

No action was taken on the request from the Wimbledon Estates HOA regarding development of a tract owned by the HOA.

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

Approved this October 14, 2019.



Secretary, Board of Directors