

MINUTES OF SPECIAL MEETING
CINCO MUNICIPAL UTILITY DISTRICT NO. 8
FORT BEND COUNTY, TEXAS

3 January 2019

THE STATE OF TEXAS §
COUNTY OF FORT BEND §

The Board of Directors (the "Board") of Cinco Municipal Utility District No. 8 (the "District") of Fort Bend County, Texas, met in special session, open to the public, on the 3rd day of January, 2019, at the offices of Coats Rose, P.C., 9 Greenway Plaza, Suite 1000, Houston, Texas 77046, outside the boundaries of the District, and the roll was called of the duly constituted officers and members of the Board, to-wit:

Douglas Brewer	President
Daniel P. Coyer	Vice President
Mark Baird	Secretary/Treasurer/Investment Officer
Steven C. Haas	Assistant Secretary
Dano Lozano	Assistant Vice President and Assistant Secretary

and all of said persons were present, except Director Lozano, thus constituting a quorum.

Also present were Rose Montalbano of F. Matuska, Inc., the District's Bookkeeper; Katie May of Inframark LLC ("Inframark"), the District's Operator; Avik Bonnerjee of B&A Municipal Tax Services, LLC ("B&A"), the District's Tax Assessor/Collector; Mike Scott of Champions Hydro-Lawn, Inc., the District's detention pond maintenance contractor; and Dick Yale, Cole Konopka, and Renae Ely, representing Coats Rose, P.C. ("Coats Rose"), the District's Attorney.

First, Director Coyer called the meeting to order, and he noted that there were no District residents in attendance who wished to address the Board during the time for public comment.

Next, the Board considered approval of the minutes of the meeting of 27 November 2018. After review, upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of the meeting of 27 November 2018 as written.

Then Mr. Bonnerjee distributed and reviewed the Tax Assessor/Collector's Report, a copy of which is attached hereto as an exhibit to these minutes. He noted that the ending balance in the District's Tax Account was \$28,553.89. He reported that 4.84% of the District's 2018 tax levy and 99.30% of the District's 2017 tax levy had been collected as of 30 November 2018. Mr. Bonnerjee asked for the Board's approval of

seven checks written on the District's Tax Account including a transfer of \$20,000.00 in revenues from the tax levy for bonded debt to the District's Debt Service Fund, a transfer of \$24,782.46 in revenues from the tax for maintenance and operations to the District's Operating Fund, and a \$9,607.53 transfer of contract tax collections to the District's Contract Tax Debt Service Fund. He also reviewed the Pledged Securities Report. He stated that the District's Tax Account was secured by pledged mortgage-backed securities that would be released by March 2019 after most of the 2018 property tax payments were received from property owners in the District and transferred to the District's Debt Service Accounts or Operating Account. A copy of the Pledged Securities Report is included in the Tax Assessor/Collector's Report.

Mr. Bonnerjee then reviewed with the Board the one outstanding Hurricane Harvey Installment account (the "Hurricane Harvey Installment") that B&A was tracking. He reminded the Board that Section 31.032 of the Texas Tax Code allows homeowners whose property was damaged in a disaster and located in a designated disaster area to pay their property taxes in four installments. Mr. Bonnerjee pointed out that 29 Hurricane Harvey Installment payment plans were initiated by customers of the District following Hurricane Harvey, and he said only one account remained unpaid. A copy of the Hurricane Harvey Installment Report is attached hereto as an exhibit to these minutes.

Finalizing the report, Mr. Bonnerjee reviewed the Delinquent Tax Roll of accounts delinquent in the payment of taxes, penalties, and interest due to the District for 2017 and prior years. After a question from Director Coyer, Mr. Bonnerjee responded that the volume of calls received from residents of the District regarding 2018 taxes had reduced substantially. A copy of the Delinquent Tax Roll is attached hereto as an exhibit to these minutes. After discussion, upon a motion made and duly seconded, the Board voted unanimously to accept the Tax Assessor/Collector's Report and to authorize disbursement of the sums from the District's Tax Account as listed therein.

Next, Ms. Montalbano submitted the Bookkeeper's Report and the Quarterly Investment Report for the Board's consideration. She listed the balances and summarized the activity in each of the District's accounts. Ms. Montalbano called the Board's attention to the bills to the District and the checks prepared in payment thereof. She stated that two additional W.I.S.E. (Water Irrigation System Evaluation) Guys irrigation evaluations were performed in the District during the month of November 2018. Ms. May reminded those present that the District had surpassed the required 23 evaluations needed in 2018 to earn a rebate of \$0.10 per 1,000 gallons of water pumped from the North Fort Bend Water Authority (the "Water Authority") under the Larry's Toolbox Rebate Program (the "Larry's Toolbox Program"). Ms. Montalbano also notified the Board that the Internal Revenue Service had increased the standard mileage rate to be reimbursed for business use from \$0.54 per mile to \$0.58 per mile effective 1 January 2019. She then reviewed with the Board the actual versus budgeted amounts listed on the Statement of Revenues and Expenditures for the year to date.

The Board then completed the review of the District's bills and the checks prepared in payment thereof. Upon a motion duly made and seconded, the Board voted unanimously to accept the Bookkeeper's Report as presented and to authorize payment of the bills of the District. A copy of the Bookkeeper's Report, including the Quarterly Investment Report, is attached hereto as an exhibit to these minutes.

Then Mr. Konopka explained that there were no updates on the status of the issues related to the U. S. Army Corps of Engineers (the "Corps") as to the excavating, cleaning, and desilting of the Barker Dam diversion channels.

Mr. Konopka then presented for the Board's review and approval a Power of Attorney and Contingent Fee Contract (the "Contract") between the District and the Houston law firm of Vujasinovic & Beckcom PLLC ("Vujasinovic & Beckcom"). He explained that upon Board approval and execution of the Contract, the District would be added as a plaintiff in the litigation styled In re: Upstream Addicks and Barker (Texas) Flood-Control Reservoirs Litigation (the "Hurricane Harvey Litigation"). Mr. Konopka noted that under the Contract, the District would receive 75% of any monetary recovery received from a favorable judicial decision and award related to the District. A discussion then ensued regarding the District's expected expenses for data-collection and providing information about the damages incurred by the District as a result of Hurricane Harvey to Vujasinovic & Beckcom. Mr. Konopka briefly summarized the categories of documents required by Vujasinovic & Beckcom which would be provided by the District's consultants. He reminded those present that the Hurricane Harvey Litigation was set for trial in February 2019. A discussion then ensued regarding reimbursing amounts paid after the District's Request for Public Assistance ("RPA") that was filed with the Federal Emergency Management Agency ("FEMA") for reimbursement of the District's costs incurred in response to Hurricane Harvey that were not covered by the District's insurance policies. Mr. Konopka pointed out that although lost tax revenue will be listed as a damage to the District filed in the Hurricane Harvey Litigation and will be considered for possible monetary award by the court, it will not be reimbursable under the RPA filed on behalf of the District with FEMA. After further discussion, upon a motion made and seconded, the Board voted to approve the Contract with Vujasinovic & Beckcom regarding the District's interests in the Hurricane Harvey Litigation. A copy of the executed Contract is attached hereto as an exhibit to these minutes. At this time, Director Brewer entered the meeting room.

Next, Ms. May presented for the Board's review a summary of projects in connection with the Hurricane Harvey FEMA reimbursement, a copy of which is attached as an exhibit to these minutes. Ms. May noted that the final cost of the District's storm sewer cleaning project totaled \$155,812.60 and was eligible for 90% reimbursement from FEMA under the RPA filed on behalf of the District. Ms. May also discussed the invoices related to the amounts billed to the District under the Disaster Recovery Services Agreement dated 26 September 2017 for the removal of all Hurricane Harvey related debris in the District by Waste Corporation of Texas, L.P. ("WCA"). Ms. May reported that Inframark continues to provide requested information

to FEMA regarding documentation for amounts billed to the District by WCA for debris removal.

Then the Board briefly reviewed the Security Report for November 2018 from the Fort Bend County Precinct 3 Constable's Office (the "Constable's Office"). Director Brewer discussed the assigned days and hours that the Constable Office patrols the District. A copy of the Security Report is attached hereto as an exhibit to these minutes.

Next, Mr. Konopka presented for the Board's review an electronic mail communication from the Corps' Houston Project Office Manager, Chuck Ciliske, CPT, EN, dated 7 December 2018, a copy of which is included as an exhibit to these minutes. Mr. Konopka reported that Mr. Ciliske confirmed receipt of the District's letter dated 27 November 2018 requesting assistance with the enforcement of the unauthorized hunting and discharging of firearms on the property located in the Barker Reservoir adjacent to Canyon Gate Section 3 in the District. Mr. Konopka explained that the Corps plans to develop a strategy to increase the presence of the Corps, local law enforcement, and the Fort Bend County Game Warden in the area. Mr. Konopka said that the Corps has increased patrols near Canyon Gate Section 3 and is working to rebuild destroyed gates and vehicle barriers that previously secured the area. Mr. Konopka explained that he will attend the planning meeting on behalf of the District and report his findings at the 22 January 2019 Board of Directors meeting. Mr. Konopka also noted that the District's Attorney will notify Fort Bend County Precinct 3 Commissioner Andy Meyer's Office of the meeting date once it has been determined.

Ms. Ely then presented a report on the traffic on the District's website, a copy of which is attached hereto as an exhibit to these minutes. Director Brewer explained that the holiday schedule for solid waste collection provided by Best Trash, LLC ("Best Trash"), the District's solid waste collection provider, had been posted on the District's website. Director Brewer also noted that there had been no recent complaints in the District regarding services provided by Best Trash.

Next, Mr. Scott submitted the Detention and Drainage Facilities Report (the "Detention Report") for the Board's review, a copy of which is attached hereto as an exhibit to these minutes. He reviewed the Detention Report in detail with the Board and pointed out various photographs of interest. Mr. Scott said that the sinkhole located near the detention pond area of the Station 2 Community Volunteer Fire Department appeared to be stabilized.

Next, Director Brewer reminded those present that 9,000 linear feet of the District's fencing located in the Canyon Gate Homeowners Association (the "HOA") had been damaged as a result of Hurricane Harvey. He recalled that the Canyon Gate HOA had decided to replace the damaged fencing with red brick and that bids were being obtained for the work to be performed. Director Brewer said he was in the process of obtaining an exact linear measurement of the fencing for insurance purposes.

The Board then discussed documents required for the District's Association of Water Board Directors ("AWBD") 2018 Water Smart Application for the period of 1 January 2018 through 31 December 2018. Director Brewer stated that he was collecting all documentation for the application and planned to present it for the Board's review at the 22 January 2019 Board of Directors meeting. Ms. Ely then submitted for the Board's review and approval a RESOLUTION APPROVING SUBMITTAL OF THE WATER SMART APPLICATION FOR INCLUSION IN THE ASSOCIATION OF WATER BOARD DIRECTORS WATER SMART PARTNERS PROGRAM. She stated that the District had participated in all of the required elements of the program and that the application would be completed and submitted by the deadline date of 1 March 2019. Upon a motion duly made and seconded, the Board voted unanimously to approve the Resolution and authorize the submittal of the 2018 Water Smart Application to the AWBD prior to the deadline of 1 March 2019. A copy of the Resolution is attached hereto as an exhibit to these minutes.

Then Ms. Ely briefly reviewed Water Authority's 2019 Notice of Proposed Groundwater Pumpage Fee and Surface Water Fee Increases, a copy of which is attached as an exhibit to the minutes. Ms. May also added that the 2019 Application for the Larry's Toolbox Program administered through the Water Authority was submitted to the Water Authority on 28 December 2018. She pointed out that included in the application contents were five additional program options that the District currently participates in that could be considered as "extra credit" by the Water Authority.

Next, Ms. May presented the Operator's Report for November 2018, a copy of which is attached hereto as an exhibit to these minutes. Ms. May detailed various repairs and maintenance activities performed in the District during November 2018, including lift station, water line, sewer facility, and detention pond maintenance. She reported that Cinco Municipal Utility District No. 1's service area water accountability (ratio of billed-to-pumped water) was 97%.

Continuing her report, Ms. May reviewed with the Board the Delinquent List of accounts delinquent in the payment of invoices from the District for water and sanitary sewer services and the Collection Accounts Listing, copies of which are included with the Operator's Report. Ms. May asked for the Board's authorization for termination of services to the 24 accounts included on the Delinquent List, and she assured the Board that the customers on the list had been provided with all of the notifications required pursuant to the District's Consolidated Rate Order. After a question from Director Coyer, Ms. May suggested that Inframark add tags to resident doors during the March 2019 Environmental Protection Agency "Fix a Leak Week" program reminding customers about residential water meter usage data that is available through the Inframark website, including early leak detection. The Board noted that there were no customers of the District present to protest their billings. After further review and discussion, upon a motion duly made and seconded, the Board voted unanimously to: (1) accept the Operations Report and (2) authorize termination of the accounts that remain unpaid on the deadline date.

Mr. Yale then presented confirmation of the filing of an Eminent Domain Report pursuant to Senate Bill 1812 (84th Texas Legislature-Regular Session 2015). He recalled that a report was required to be submitted online to the Texas Comptroller of Public Accounts by 1 February of each year. He explained that even if the District had not exercised its eminent domain authority, a report was required to be filed each year. A copy of the report is attached hereto as an exhibit to these minutes.

Then Mr. Yale reported that on 3 January 2019, the District's Attorney had filed the Special Purpose District Report (the "SPD Report") with the Texas Comptroller's Office pursuant to Senate Bill 625 as approved by the 85th Texas Legislature (Regular Session – 2017). He reviewed with the Board the SPD Report Confirmation and Summary, copies of which are attached hereto as exhibits to these minutes.

Next, Mr. Yale reported that the District's Attorney had filed the District's Annual Financial Report and the Annual Update of Financial Information and Operating Data for the District for the fiscal year ending 31 May 2018 with the State Information Depository and the nationally recognized information repositories to fulfill the District's continuing disclosure requirements under Securities and Exchange Commission Rule 15(c)2-12. He reminded the Board that the filing was accomplished through the Electronic Municipal Market Access ("EMMA") website of the Municipal Securities Rule-Making Board. A copy of the documentation of filing through EMMA is attached to and shall be considered to be part of these minutes.

Lastly, the Board discussed matters relating to the 4 May 2019 Directors Election required for the District. Mr. Yale remarked that Directors Brewer, Baird, and Lozano have terms of office that would expire in 2019. Mr. Yale submitted to and reviewed with the Board a memorandum prepared by the District's Attorney regarding the key dates for the Directors Election, a copy of which is attached hereto as an exhibit to these minutes. Mr. Yale added that the Board would need to adopt an order calling the Directors Election at the 22 January 2019 Board of Directors meeting.

There being no further business to come before the Board, upon a motion duly made and seconded, the Board voted unanimously to adjourn.

Secretary, Board of Directors

(SEAL)



Cinco Municipal Utility District No. 8
Special Meeting of 3 January 2019
Attachments

1. Tax Assessor/Collector's Report
2. Hurricane Harvey Installment Report
3. Delinquent Tax Roll
4. Bookkeeper's Report and Quarterly Investment Report
5. Power of Attorney and Contingent Fee Contract between the District and the Houston law firm of Vujasinovic & Beckcom PLLC
6. Summary of Projects prepared by Inframark LLC
7. Security Report from Fort Bend County Precinct 3 Constable's Office
8. Off Cinco's Website Traffic Report
9. Detention and Drainage Facilities Report
10. Resolution Approving Submittal of the Water Smart Application for Inclusion in the Association of Water Board Directors Water Smart Partners Program
11. Notice of Proposed Groundwater Pumpage Fee and Surface Water Fee Increases Memorandum from the North Fort Bend Water Authority
12. Operator's Report
13. Texas Comptroller Eminent Domain Report Confirmation and Summary
14. Texas Comptroller Special Purpose District Report Confirmation and Summary
15. Confirmation of the filing of the Annual Financial Information and Operating Data with the Municipal Securities Rule-Making Board
16. Coats Rose Memorandum regarding key dates for the 2019 Directors Election