

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

23 April 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 regular session, open to the public, on the 23rd day of April, 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 and Clay Brandenburg 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. ("Champions"), the District's detention pond maintenance contractor; Jack Carter, P.E. of Dannenbaum Engineering Corporation, the District's Engineer; Matthew May of Best Trash, LLC ("Best Trash"), the District's solid waste provider; and Dick Yale, Cole Konopka, and Renae Ely, representing Coats Rose, P.C. ("Coats Rose"), the District's Attorney.

First, Director Brewer 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 26 March 2019. After review, upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of the meeting of 26 March 2019 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 \$93,928.96. He reported that 96.20% of the District's 2018 tax levy and 99.73% of the District's 2017 tax levy had been collected as of 31 March 2019. Mr. Bonnerjee asked for the Board's approval of ten checks written

on the District's Tax Account, including a transfer of \$3,967.67 in revenues from the tax for maintenance and operations to the District's Operating Fund and a \$1,792.80 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 the end of April 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 Fund or Operating Fund. A copy of the Pledged Securities Report is included in the Tax Assessor/Collector's Report.

Mr. Bonnerjee then reviewed with the Board a list of accounts that B&A was tracking with installment plans requested pursuant to the Texas Tax Code regarding the payment of ad valorem taxes on a residence homestead (House Bill 1597 passed during the 83rd Texas Legislature-Regular Session 2013). A copy of the list of accounts is included in the Tax Assessor/Collector's Report.

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 2018 and prior years. A copy of the Delinquent Tax Roll is included in the Tax Assessor/Collector's Report. 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.

Then Mr. Bonnerjee mentioned that the District's preliminary estimate of value as determined by the Fort Bend Central Appraisal District (the "Appraisal District") for 2019 was \$326,949,646.00, which was a significant increase from the 2018 assessed valuation for the District. He said that the Appraisal District is reviewing the values on the properties damaged in the District by Hurricane Harvey to verify that the 2019 assessed valuations were processed correctly. Mr. Bonnerjee also pointed out that representatives of the Appraisal District have determined that replacement of damaged property is only considered an improvement if (a) the square footage of the replacement structure exceeds that of the replaced structure before the damage occurred and (b) the exterior of the replacement structure is of higher quality construction and composition than that of the replaced structure. After discussion, upon a motion made and duly seconded, the Board voted unanimously to authorize Director Haas to work with B&A and the Appraisal District in re-evaluating the District's 2019 assessed valuations.

Mr. Yale then mentioned that the District was required to escheat unclaimed funds, such as uncashed customer refunds, to the State Comptroller of Public Accounts after one year. He explained that checks issued but returned to the District or left uncashed would have to be escheated to the State. Mr. Bonnerjee presented a Texas Report of Unclaimed Property for an amount of \$0.00 for the period 1 March 2017 through 28 February 2018, a copy of which is attached hereto. Upon a motion duly made and seconded, the Board authorized the District's Bookkeeper and Tax Assessor/Collector to escheat any eligible funds to the State Comptroller of Public Accounts.

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 no W.I.S.E. (Water Irrigation System Evaluation) Guys irrigation evaluations were performed in the District during the month of March 2019. She then reviewed with the Board the actual versus budgeted amounts listed on the Statement of Revenues and Expenditures for the fiscal year to date.

Then Ms. Montalbano reviewed with the Board a draft of the District's Operating Budget for the fiscal year ending 31 May 2020 (the "Draft Budget"). Ms. Montalbano asked the Board to review the Draft Budget and to inform her of any revisions prior to adoption of the same at the District's 28 May 2019 Board of Directors meeting.

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.

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 also commented that there is active construction occurring adjacent to the District near the Pappa Blakely Pond, which he believes may be a multi-family development associated with Fort Bend County Municipal Utility District No. 51. He said that Champions would continue to monitor the construction progress.

Next, Mr. Konopka recalled communications with representatives of the U.S. Army Corps of Engineers regarding unauthorized traffic on the property located in the Barker Reservoir adjacent to Canyon Gate Section 3 in the District. He said that it appeared that increased law enforcement patrols in the area had deterred unauthorized traffic and that there were no further updates to report at this time.

A discussion then ensued regarding the District's Request for Public Assistance 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. Ms. May presented for the Board's review an updated 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 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 reminded the Board that after Inframark provided the requested information to FEMA regarding documentation for amounts billed to the District by WCA

for debris removal, FEMA representatives subsequently requested that the supporting documentation contain a reference to "storm debris removal" instead of "trash," as listed on the invoices by WCA. Mr. Konopka said that Coats Rose had provided affidavits to Trevor Royal and Mike Roy for execution stating all debris removal in the District by WCA was storm debris removal as a result of Hurricane Harvey.

Then the Board briefly reviewed the Security Report for March 2019 from the Fort Bend County Precinct 3 Constable's Office (the "Constable's Office"). Director Brewer mentioned that Deputy Compean had been involved in a traffic accident and would be on leave from the Constable's Office for the next six weeks. He said that another deputy was expected to patrol the District in Deputy Compean's absence. A copy of the Security Report is attached hereto as an exhibit to these minutes. Ms. Ely also presented a report on the traffic on the District's website, a copy of which is attached hereto as an exhibit to these minutes.

The Board then discussed the District's solid waste contract with Best Trash expiring on 1 September 2019. Mr. May reminded those present that as of September 2018, the Consumer Price Index had increased by 3.8% for the year, which resulted in a rate increase to the District by Best Trash from \$15.14 per household per month to \$15.72 per household per month for curbside service with recycling. He recalled that under Section 4.B. of the contract, the Board also allowed an additional increase of \$1.00 per household per month, for a new total of \$16.72. Mr. May then presented a proposal for the District's residential solid waste collection service from Best Trash, a copy of which is attached hereto and made a part of these minutes. He explained that a five-year renewal for solid waste collection services to serve 1,003 customers in the District at a monthly rate of \$16.75 would total \$16,800.25 per month and that a three-year term at a monthly rate of \$17.25 would total \$17,301.75 per month. He reminded those present that the District's current agreement with Best Trash provided for twice-weekly curbside solid waste collection, with a one-time weekly curbside recycling collection. Mr. May also summarized the rapid growth in Texas, solid waste collection service issues, and the recycling process for solid waste collection providers. Director Brewer then noted that there had been no recent complaints in the District regarding services provided by Best Trash to the District.

Then Mr. May recalled earlier discussion regarding the automatic yearly adjustment in solid waste collection charges which was approved by the Board in September 2018. He explained that due to a billing error on the part of Best Trash, the District had not been billed for the \$1.00 per household per month increase. He suggested that the District pay the \$7,021.00 in additional fees over the life of the remaining contract with Best Trash (through 1 September 2019). After discussion, upon a motion duly made and seconded, the Board voted unanimously to pay the additional \$1.00 per household per month rate increase over the term of the remaining contract with Best Trash. At this time, Mr. May departed from the meeting.

A discussion then ensued regarding obtaining proposals from other solid waste collection providers. After discussion, upon a motion duly made and seconded, the Board

voted unanimously to instruct Coats Rose to obtain proposals from WCA and Texas Pride Disposal to be presented to the Board for review at the May and June Board meetings, respectively. Mr. Yale recommended that the Board closely review future annual consumer price rate increases submitted to the Board for approval. He said that the Board has the option to specify which Consumer Price Index should be used in any agreement between the District and a consultant.

Mr. Konopka then presented for the Board's review a revised Resolution Regarding Expenses to be Reimbursed by the District. After discussion, upon a motion duly made and seconded, the Board voted unanimously to accept the Resolution as presented, a copy of which is attached as an exhibit to these minutes.

Next, Mr. Yale explained that the District was required to canvass the returns and declare the results of the Directors Election between the dates of 7 May 2019 through 15 May 2019 pursuant to the requirements of the Texas Election Code. After discussion, the Directors agreed to convene a special meeting of the Board at 12:00 p.m. on Tuesday, 14 May 2019, to canvass the returns.

Then Mr. Konopka recommended that the Board consider issuing certain credits or rebates totaling \$210 to residents of Canterbury Park in the District for damages associated with Hurricane Harvey. He said that incremental credits of \$30.00 for 102 homes for seven months would total \$21,420.00. Ms. May said that Inframark would prepare language in the billing for water and sanitary sewer services to those residents of Canterbury Park explaining the Board's decision. After discussion, upon a motion duly made and seconded, the Board voted unanimously to grant a one-time credit adjustment of \$210 to the residents of Canterbury Park to be applied on the next billing cycle for water and sanitary sewer services billed by the District.

Next, the Board considered a proposal for renewal of the District's insurance coverage from the Texas Municipal League Intergovernmental Risk Pool through HARCO for the policy period 7 July 2019 through 7 July 2020 (the "Proposal"). Ms. Ely called attention to the summary page of the Proposal and compared the renewing coverage to the District's expiring coverage. After discussion, upon a motion duly made and seconded, the Board voted unanimously to accept the insurance renewal Proposal as submitted, a copy of which is attached hereto and shall be considered to be part of these minutes.

Then Ms. Ely briefly reviewed the memorandum dated 27 March 2019 from Coats Rose regarding the actions of the North Fort Bend Water Authority, a copy of which is attached as an exhibit to the minutes.

Mr. Carter then briefly reported on the status of Fort Bend County's (the "County") acquisition of rights-of-way for the water and sanitary sewer lines to serve the Park and Ride just east of the District (the "Park-and-Ride Project" or the "Project"). Mr. Carter reminded the Board that Paulette Shelton, the Director of the County's Public Transportation Department, contacted him in September 2018 regarding the status of the

Park-and-Ride Project and that he was told that the County would resume the Project soon. He said he has not received any additional information from any party since September 2018.

Then Ms. May presented the Operator's Report for March 2019, 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 March 2019, 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 99%. 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. 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. The Board noted that there were no customers of the District present to protest their billings.

Ms. May then reminded those present that Inframark contracts with a billing and collection software and service provider, AVR, Inc. ("AVR"), for online electronic payment of utility bills. She explained as AVR is making improvements to their collection software in order to allow customers of the District to pay for water and sanitary sewer services with credit cards and electronic-checks. She said that the proposed system, PACE, would allow the customer to pay terminated accounts with credit cards and e-checks. Ms. May recommended that the District's Consolidated Rate Order be revised to reflect these changes and to eliminate the acceptance of cash. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize Coats Rose to amend Section IV, Section 4.02(b) of the District's Consolidated Rate Order and present the same for review and consideration at the 28 May 2019 meeting.

Then the Board discussed the District's Identity Theft Prevention Program that was adopted 28 April 2009 and was effective 1 May 2009. Mr. Brandenburg presented a letter stating that Inframark had implemented procedures and controls that provide the security of accounts as required under the District's Identity Theft Program and under the Identity Theft Rules adopted by the Federal Trade Commission. He stated that, based on the report, it appeared that no "red flags" had been raised during the past year and that all of the procedures were working smoothly for Inframark. A copy of the letter is attached hereto as an exhibit to these minutes.

Then Ms. May reviewed with the Board a draft of the 2018 Drinking Water Quality Report (the "Quality Report"). After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the Quality Report and to authorize its distribution to the District's customers prior to the 1 July 2019 deadline, subject to final review by Coats Rose. A copy of the Quality Report thus approved is included in the Operator's Report. Ms. May reminded those present that Inframark would produce a Texas Commission on Environmental Quality-approved direct link that would be included in the bill message to customers of the District.

Mr. Brandenburg then presented for the Board's review and approval proposals for repair or replacement of the District's 7.5 horsepower hydromatic lift pump located at the District's Detention Pond No. 2. He noted that the estimated cost to repair the pump was \$5,929.00 and that the cost to replace the pump would be \$8,925.00. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve replacement of the pump at a cost of \$8,925.00. A copy of the proposal is attached as an exhibit to these minutes.

Next, Mr. Yale presented for the Board's review and approval correspondence to the Honorable Jane Nelson and members of the Texas Senate Committee on Business & Commerce for the 86th Texas Legislature, Regular Session 2019 regarding the Board's opposition to Senate Bill 239. The Board discussed their opposition to Senate Bill 239, specifically relating to the costs of renting or purchasing audio and visual recording equipment to record and upload recordings of meetings to the District's website. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve execution of the correspondence by Director Brewer as presented. A copy of the correspondence is attached as an exhibit to these minutes.

Then Mr. Yale presented for the Board's review a memorandum from Coats Rose regarding early voting and election day polling locations for the 4 May 2019 Directors Election. A copy of the memorandum is attached as an exhibit to these minutes.

Lastly, Director Brewer presented for the Board's review and approval a summary of District goals and accomplishments to be posted on the District's website. The Board discussed various proposed edits to the document. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve revision of the proposed document by the District's consultants. Mr. Yale suggested that after final approval by the Board at the 28 May 2019 meeting, the information be posted on the District's website.

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
Regular Meeting of 23 April 2019
Attachments

1. Tax Assessor/Collector's Report, Payment Plan Summary, Delinquent Tax Roll
2. Texas Report of Unclaimed Property (03/01/17 to 02/28/18) as prepared by B&A Municipal Tax Service, LLC
3. Bookkeeper's Report and Quarterly Investment Report
4. Detention and Drainage Facilities Report
5. Summary of Hurricane Harvey Projects prepared by Inframark LLC
6. Security Report from Fort Bend County Precinct 3 Constable's Office
7. Off Cinco's Website Traffic Report
8. Renewal Proposal prepared by Best Trash, LLC
9. Revised Resolution Regarding Expenses to be Reimbursed by the District
10. Executed proposal for insurance for the 7 July 2019 through 7 July 2020 Term prepared by Harco Insurance Services
11. Memorandum from Coats Rose, P.C. regarding the North Fort Bend Water Authority Board of Directors meeting
12. Operator's Report
13. Annual Administrator's Report on Identity Theft Prevention and Protection as prepared by Inframark, LLC
14. Proposal for replacement of Detention Pond No. 2 lift pump
15. Correspondence from the Board to Members of the Senate Committee on Business & Commerce dated 23 April 2019 regarding Senate Bill 239, 86th Texas Legislature, Regular Session, 2019
16. Memorandum prepared by Coats Rose regarding Early Voting and Election Day polling locations for the 4 May 2019 Directors Election