

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

26 February 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 26th day of February, 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, 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; Jack Carter, P.E. of Dannenbaum Engineering Corporation, the District's Engineer; Mike Scott of Champions Hydro-Lawn, Inc., the District's detention pond maintenance contractor; Whitney Milberger-Laird, Water Conservation Manager for the North Fort Bend Water Authority (the "NFBWA"); 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 22 January 2019. After review, upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of the meeting of 22 January 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 \$1,158,939.85. He reported that 94.61% of the District's 2018 tax levy and 99.66% of the District's 2017 tax levy had been collected as of 31 January 2019. Mr. Bonnerjee asked for the Board's approval of 15 checks written

on the District's Tax Account, including a transfer of \$570,000.00 in revenues from the tax levy for bonded debt to the District's Debt Service Fund, a transfer of \$355,562.60 in revenues from the tax for maintenance and operations to the District's Operating Fund, and a \$137,854.08 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 in 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. 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, Mr. Yale distributed a proposed RESOLUTION CONCERNING EXEMPTION OF RESIDENCE HOMESTEADS FROM TAXATION (the "Resolution") for the Board's consideration. Mr. Yale reminded the Board that allowing the general homestead exemption was not recommended in municipal utility districts that did not have a significant amount of commercial development. He noted that the Resolution had been prepared with the same exemptions that had been approved for 2018, which is a \$30,000 exemption for persons who are disabled or who are sixty-five years of age or older and no general homestead exemption. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the exemptions for persons who are over sixty-five or disabled in the amount of \$30,000 for 2019, to allow no general homestead exemption, and to adopt the Resolution. A copy of the Resolution thus approved is attached hereto and shall be considered to be a part of these minutes.

Then Mr. Yale reminded the Board that the District must have an agreement with an attorney for the collection of delinquent taxes in place before the District can impose the 20% collection charge on certain delinquent taxes, penalties, and interest. He noted that the District's agreement with Perdue Brandon Fielder Collins & Mott, LLP remained in effect. After discussion, upon a motion duly made and seconded, the Board voted unanimously to assess a 20% collection charge on all 2018 personal property taxes,

penalties, and interest delinquent on 1 April 2019, pursuant to Section 33.11 of the Texas Tax Code, and on all 2018 real property taxes, penalties, and interest delinquent on 1 July 2019, pursuant to Sections 33.07 and 33.08 of the Texas Tax Code. A CERTIFICATE OF BOARD ACTION related to this matter is attached to these minutes as an exhibit.

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 one additional W.I.S.E. (Water Irrigation System Evaluation) Guys irrigation evaluation was performed in the District during the month of January 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.

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. Konopka reminded those present of the electronic mail communication from the U.S. Army Corps of Engineers (the "Corps") Houston Project Office Manager, Chuck Ciliske, CPT, EN, dated 7 December 2018, that was presented at the 3 January 2019 (special) Board of Directors meeting. Mr. Konopka recalled 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. He said that a planning meeting with Fort Bend County Precinct 3 Commission Andy Meyer's Office had been planned, but no updates on the results of that meeting have been communicated to Coats Rose. Mr. Konopka said that he would update the Board on the status of the same at the 26 March 2019 Board of Directors meeting.

Mr. Konopka then reminded those present that the District had been added as a plaintiff in the litigation styled In re: Upstream Addicks and Barker (Texas) Flood-Control Reservoirs Litigation (the "Hurricane Harvey Litigation"). He noted that under the Attorney and Contingent Fee Contract between the District and the Houston law firm of Vujasinovic & Beckcom PLLC ("Vujasinovic & Beckcom"), the Board agreed to provide to Vujasinovic & Beckcom categories of documents which would be collected by the District's consultants. Mr. Konopka said that the requested documentation had been provided to Vujasinovic & Beckcom in a timely manner. After a question from the Board, Mr. Konopka noted that the Hurricane Harvey Litigation was set for trial on 6 May 2019.

A discussion then ensued regarding 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. 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 noted that Project No. 34705 (Storm Sewer Cleaning) totaling \$155,812.60 was expected to be eligible for 90% reimbursement from FEMA under the RPA filed on behalf of the District. She also reminded those present that the RPA for Project No. 34704 (Sanitary Sewer Cleaning) filed with FEMA in the amount of \$506,889.13 had recently been approved by FEMA and that funds were expected to be deposited into the District's account. She asked Ms. Montalbano to notify Inframark if any funds were received from FEMA under the RPA filed on behalf of the District.

Then the Board briefly reviewed the Security Report for January 2019 from the Fort Bend County Precinct 3 Constable's Office (the "Constable's Office"). A copy of the Security Report is attached hereto as an exhibit to these minutes. Director Brewer briefly discussed the recent conflicts between the Constable's Office and the Fort Bend County Sheriff's Office regarding dispatching procedures for law enforcement services.

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.

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 had been repaired and re-seeded.

The Board then discussed the District's solid waste contract with Best Trash, LLC expiring on 1 September 2019. After discussion, Director Brewer suggested that the Board consider reviewing proposals for providing the District's solid waste collections services from other providers in April or May 2019.

Director Brewer then presented for the Board's review a draft of 2019 Cinco MUD Goals, a copy of which is attached as an exhibit to these minutes. Director Brewer summarized costs incurred by the District during 2017 as a result of Hurricane Harvey cleanup and financial assistance to residents (in the form of credits for water and sanitary sewer services). Director Brewer then summarized proposed goals for the District, including reducing District debt and increasing water conservation efforts. Director Lozano noted that because of the reductions in District's current level of operating reserves, the Board should consider increasing revenue prior to paying off any bonded debts. The Board agreed to table any further discussions of paying off the District's bonded debt until all FEMA reimbursements have been received by the District.

The Board then discussed an article published in the Community Impact Newspaper regarding Fort Bend County Precinct 3 Commissioner Andy Meyer's campaign to have legislation passed in the 2019 Texas legislative session that would allow residents living in the City of Houston's extraterritorial jurisdiction the ability to

petition to be annexed into an adjoining city, like Katy, remain unincorporated, or create a new city. Mr. Konopka said that Coats Rose would closely monitor the 2019 legislative session and report any findings back to the Board.

Next, Director Brewer presented for the Board's approval the proposed 2019 Water Conservation Rebate Form (the "Rebate Form") specific to requirements for installation of EPA-approved Water Sense® products. He noted that language in the 2018 Rebate Form was the same language proposed for 2019. Director Brewer also commented that after the Board's approval, the Rebate Form would be added to the District's website. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the 2019 Water Conservation Rebate Form as presented. A copy of the Rebate Form is attached as an exhibit to these minutes.

Ms. Ely then presented for the Board's approval a Joint Election Agreement and Contracts for Election Services with Fort Bend County (the "County") for the 4 May 2019 Directors Election. She explained that with a joint election, the County would essentially be conducting the Directors Election for the District. Ms. Ely further explained that when a registered voter of the District went to vote in the joint election, the ballot would be coded to recognize that the voter was allowed to vote in the Directors Election and the District's ballot would automatically show on the screen of the electronic voting equipment. After further discussion, upon a motion duly made and seconded, the Board voted unanimously to enter into a Joint Election Agreement and Contract for Election Services for the 4 May 2019 Directors Election with Fort Bend County. A copy of the Joint Election Agreement and Contract for Election Services is attached as an exhibit to these minutes.

Next, Ms. Milberger-Laird announced that the District would receive the NFBWA 2018 Larry's Toolbox Program award for outstanding performance in the water conservation program. She said that a presentation of the award would be held at the 27 March 2019 NFBWA Board of Directors meeting. Ms. Milberger-Laird then asked if the Board would be interested in posting a sign in the District that indicated that the District was a "Water Saving MUD." After further discussion, upon a motion duly made and seconded, the Board voted unanimously to post the sign in the District.

The Board then discussed the District's 2018 Application to the Association of Water Board Directors-Texas ("AWBD") for participation in the Water Smart program. Ms. Ely stated that the District had participated in all of the required elements of the program, and she said that the application would be submitted by the deadline of 1 March 2019. Upon a motion duly made and seconded, the Board voted unanimously to authorize the submittal of the 2018 Water Smart Application to AWBD prior to the deadline of 1 March 2019. A completed copy of the 2018 Water Smart Application is located in the permanent files of the District.

Next, the Board discussed the District's compliance with the Phase II Municipal Separate Storm Sewer System (MS4) General Permit and Storm Water Management Program with the Cinco Ranch area municipal utility districts and the Willow Fork Drainage District (the "Drainage District"). Mr. Carter reminded the Board that the District

was required to submit the TPDES Phase II MS4 Annual Report for Permit Year No. 5 (the "Annual Report") to the Texas Commission on Environmental Quality (the "Commission") by 31 March 2019. He stated that AECOM Technical Services, Inc. ("AECOM"), the engineers for the Drainage District, had prepared and would submit the Annual Report prior to the deadline date subsequent to the Board's authorization and approval of the Annual Report. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize AECOM to submit the Annual Report to the Commission as required. A copy of the Annual Report thus submitted to the Commission is located in the District's permanent files.

Then Ms. May presented the Operator's Report for January 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 January 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 98%.

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. 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 informed the Board that the District's Attorney also filed a Voluntary Material Event Notice (the "Event Notice") pursuant to the Securities and Exchange Commission Rule 15c2-12 with the Electronic Municipal Market Access ("EMMA") website of the Municipal Securities Rule-Making Board on 25 February 2019. He said that the Event Notice was provided to inform investors in the District's bonds that the District's underlying rating with Standard & Poor's Rating Services was upgraded from A- (negative) to A (stable) on 4 February 2019. A copy of the Event Notice is attached as an exhibit to these minutes.

Lastly, Mr. Yale suggested that the Board consider a revised Resolution Regarding Expenses to be Reimbursed by the District at its 26 March 2019 Board of Directors meeting. Mr. Yale said that Coats Rose would prepare a draft for the Board's review prior to the meeting date.

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

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Secretary, Board of Directors

(SEAL)



Cinco Municipal Utility District No. 8  
Regular Meeting of 26 February 2019  
Attachments

1. Tax Assessor/Collector's Report;
2. Hurricane Harvey Installment Report;
3. Delinquent Tax Roll;
4. Resolution Concerning Exemption of Residence Homesteads from Taxation;
5. Certificate of Board Action on delinquent property taxes;
6. Bookkeeper's Report and Quarterly Investment Report;
7. Summary of Hurricane Harvey Projects prepared by Inframark LLC;
8. Security Report from Fort Bend County Precinct 3 Constable's Office;
9. Off Cinco's Website Traffic Report;
10. Detention and Drainage Facilities Report;
11. 2019 Cinco MUD 8 Goals;
12. 2019 Water Conservation Rebate Form;
13. Joint Election Agreement and Contract for Election Services;
14. Operator's Report; and
15. Material Event Notice filed with the Electronic Municipal Market Access website of the Municipal Securities Rule-Making Board on 25 February 2019.