

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

28 May 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 28th day of May, 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 Sabrina Alaquez-Wallin 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; Greg East of Perdue, Brandon, Fielder, Collins & Mott, L.L.P. ("Perdue Brandon"), the District's Delinquent Tax Attorney; Julie Williams of Rathmann & Associates, L.P. ("Rathmann"), the District's Financial Advisor; Felix DeLeon and Trevor Royal of Waste Corporation of Texas, L.P. ("WCA"); 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 meetings of 23 April 2019 and 14 May 2019. After review, upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of the meetings of 23 April 2019 and 14 May 2019 as written.

Then Mr. Bonnerjee reminded those present 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 of \$214,977,748.00. He presented for the Board's review a letter dated 22 May 2019 to B&A from Perdue Brandon evaluating the Appraisal District's 2019 valuation increase for the District, a copy of which is attached as an exhibit to these minutes. Mr. East then discussed Section 23.23(a)(2) of the Tax Code which he said sets out that if a taxpayer has a residence homestead exemption, the appraised value cannot increase more than 10% of the appraised value for the preceding year, plus the market value of new improvements. He said that it appears that the Appraisal District is determining preliminary values of homes in the District as if there were no damages to the homes as a result of Hurricane Harvey. Mr. Bonnerjee pointed out that a Petition Challenging Appraisal Records (the "Petition") was filed with the Appraisal District Review Board by B&A stating that the District (the taxing unit) was challenging the level of appraisal by the category of property in the District. A copy of the Petition is attached as an exhibit to these minutes. Director Lozano said the he would like a better explanation from the Appraisal District to legitimize their 2019 preliminary estimate of value of the District. Mr. Bonnerjee suggested that Director Lozano provide a list of his concerns to Mr. Bonnerjee. Mr. Bonnerjee said that he would continue to work with Perdue Brandon and Rathmann to challenge the Appraisal District's 2019 preliminary assessed values of the District.

Next, 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 \$97,944.20. He reported that 96.77% of the District's 2018 tax levy and 99.74% of the District's 2017 tax levy had been collected as of 30 April 2019. Mr. Bonnerjee asked for the Board's approval of seven checks written on the District's Tax Account, including a transfer of \$5,018.85 in revenues from the tax for maintenance and operations to the District's Operating Fund and a \$1,963.00 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 May 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, Contract Tax 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.

Mr. East then presented the Delinquent Tax Report from Perdue Brandon for the Board's review, a copy of which is attached as an exhibit to these minutes. He noted that delinquent accounts for the tax year 2018 were included in the list, and he said that notices about the assessment of the 20% collection charge as of 1 July 2018 were mailed to delinquent accounts in May 2019. He further explained that after 1 July 2019, B&A would forward any remaining delinquent 2018 accounts to Perdue Brandon. Mr. East stated that an additional 20% penalty would be added to the accounts that remained delinquent on 1 July 2019 to pay for the collection of delinquent taxes.

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

Ms. Montalbano then reminded those present that the District was required to escheat unclaimed funds, such as uncashed customer refunds, to the Texas State Comptroller after one year. She explained that checks issued but returned to the District or left uncashed for the period from 1 March 2017 through 28 February 2018 would have to be escheated to the Texas State Comptroller by 1 July 2019. Ms. Montalbano pointed out that check number 5065 in the amount of \$898.03 payable to the Texas State Comptroller was included in the checks submitted on this date for the Board's approval.

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.

Ms. Montalbano next reviewed with the Board a draft of the District's Operating Budget for the fiscal year ending 31 May 2020 (the "Budget"), a copy of which is included in the Bookkeeper's Report. Ms. Montalbano explained that she incorporated the changes as approved at the 23 April 2019 Board of Directors meeting in the Budget. After discussion, upon a motion duly made and seconded, the Board voted unanimously to adopt the Budget as discussed.

Mr. Konopka then provided an update on the status of the litigation styled In re: Upstream Addicks and Barker (Texas) Flood-Control Reservoirs Litigation (the "Hurricane Harvey Litigation"). He reminded the Board that the District had been added

as a plaintiff in the Hurricane Harvey Litigation under the Attorney and Contingent Fee Contract between the District and the Houston law firm of Vujasinovic & Beckcom PLLC. Director Brewer added that it was his understanding that a ruling by the judge was expected in September 2019. Mr. Konopka said that Coats Rose would continue to monitor the progress of the litigation.

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.

Then the Board briefly reviewed the Security Report for April 2019 from the Fort Bend County Precinct 3 Constable's Office (the "Constable's Office"). Director Brewer recalled that Deputy Compean had been involved in a traffic accident and was still on leave from the Constable's Office. 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.

Director Brewer then presented for the Board's review and approval a revised summary of the District's 2018 Accomplishments to be posted on the District's website, a copy of which is attached as an exhibit to these minutes. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the summary of the District's 2018 Accomplishments to be posted on the District's website.

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 noted that Champions continues to monitor the active construction by Morrow Construction, Inc. occurring adjacent to the District near the Pappa Blakely Pond, which he believes may be a multi-family development being served by Fort Bend County Municipal Utility District No. 51.

The Board then considered the proposals for solid waste collection services in the District as submitted by Best Trash and WCA. At this time, Mr. May departed the meeting room. Mr. DeLeon then presented the proposal from WCA, a copy of which is attached as an exhibit to these minutes. Mr. DeLeon noted that WCA was founded in 1998 and currently owns and operates four landfills in the Houston area. He said that WCA has 275 trucks that service over 700 local communities in the Houston area. Mr. DeLeon pointed out that the proposal submitted for the Board's consideration included two options for residential solid waste collection. He said that "Option 1" included twice weekly automated solid waste collection service with 95-gallon carts provided by WCA, including once-weekly heavy trash service, at a cost to the District of \$16.23 per home per month. He explained that "Option 2" included twice-weekly automated solid waste collection with 95-gallon carts provided by WCA, once-weekly automated recycling collection, and once-

weekly heavy trash service at a cost to the District of \$18.17 per home per month. He noted that the service days assigned to the District would be Monday (which includes recycling) and Thursday (which includes heavy trash). Mr. DeLeon then briefly summarized recyclable items that are allowed by WCA.

A discussion then ensued regarding 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 WCA. Mr. DeLeon recalled that WCA was recently able to locate the missing supporting documentation for amounts billed to the District by WCA for the debris removal for submission to FEMA. He said that he would immediately provide the documentation to Ms. May for processing and submission to FEMA. At this time Messrs. DeLeon and Royal thanked the Board for their time, and they departed the conference room.

Mr. May then re-entered the meeting room. He presented the proposal as submitted by Best Trash, a copy of which is attached as an exhibit to 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, the recycling process for solid waste collection providers, future heavy debris removal as a result of a natural disaster, and Best Trash's ability to guarantee the current Tuesday and Friday solid waste collection days for the District. At this time, Mr. May departed from the meeting.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to accept the proposal as submitted by Best Trash for renewal of solid waste collection services for a term of five years.

Ms. Ely then provided the Statements of Elected Officer and the Oaths of Office for Directors Brewer, Baird, and Lozano. After review, upon a motion duly made and seconded, the Board voted unanimously to approve the Statements of Elected Officer and Oaths of Office for Directors Brewer, Baird, and Lozano. Copies of the executed Statements of Elected Officer and Oaths of Office are attached to these minutes as exhibits.

The Directors next considered the need to reconstitute the Board of Directors, pursuant to the requirements of Section 49.054(b) of the Texas Water Code. After discussion, upon a motion duly made and seconded, the Board voted unanimously to elect the Directors to the offices indicated:

Douglas Brewer	President
Daniel P. Coyer	Vice President
Mark Baird	Secretary/Treasurer/Investment Officer

Steven C. Haas
Dano Lozano

Assistant Secretary
Assistant Vice President and
Assistant Secretary

Upon a motion duly made and seconded, the Board voted unanimously to authorize the District's Attorney to file a revised District Registration Form with the Texas Commission on Environmental Quality. A copy of the District Registration Form is attached hereto and made a part of these minutes.

Mr. Yale 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. He explained as a result of AVR making improvements to their collection software to allow customers of the District to pay for water and sanitary sewer services with credit cards and electronic-checks, the District's Consolidated Rate Order would need to be revised to amend Section IV, Section 4.02(b) 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 adopt the ORDER AMENDING CONSOLIDATED RATE ORDER AND RULES AND REGULATIONS; ADOPTING DROUGHT CONTINGENCY PLAN; ESTABLISHING A WASTEWATER CONTROL ORDER; ESTABLISHING CERTAIN OTHER POLICIES; AND PROVIDING PENALTIES FOR VIOLATION THEREOF with the changes as outlined above. A copy of the District's Amended Consolidated Rate Order is attached hereto as an exhibit.

Then Ms. Ely briefly reviewed the memorandum dated 22 May 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". 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 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 April 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 April 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 Operator's Report and (2) authorize termination of the accounts that remain unpaid on the deadline date.

Lastly, Mr. Yale presented for the Board's review a letter from the Fort Bend Central Appraisal District dated 6 May 2019 submitting the proposed 2019-2020 Operating Budget for the Appraisal District, a copy of which is attached as an exhibit to these minutes.

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 28 May 2019
Attachments

1. Letter from Perdue, Brandon, Fielder, Collins & Mott, L.L.P. to B&A Municipal Tax Services, LLC dated 22 May 2019 regarding 2019 preliminary assessed value issued to the District by the Fort Bend Central Appraisal District
2. Petition Challenging Appraisal Records filed with the Texas Comptroller of Public Accounts on behalf of the District by B&A Municipal Tax Services, LLC
3. Tax Assessor/Collector's Report, Payment Plan Summary, Delinquent Tax Roll
4. Delinquent Tax Report from Perdue, Brandon, Fielder, Collins & Mott, L.L.P
5. Bookkeeper's Report, Quarterly Investment Report, and Operating Budget for the fiscal year ending 31 May 2020
6. Summary of Hurricane Harvey 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. 2018 District Accomplishments
10. Detention and Drainage Facilities Report
11. Proposal for solid waste collection services by Waste Corporation of Texas, L.P.
12. Renewal Proposal prepared by Best Trash, LLC
13. Statements of Elected Officer and the Oaths of Office for Directors Brewer, Baird, and Lozano
14. Revised District Registration Form
15. Order Amending Consolidated Rate Order and Rules and Regulations; Adopting Drought Contingency Plan; Establishing a Wastewater Control Order; Establishing Certain Other Policies; and Providing Penalties for Violation Thereof
16. Memorandum by Coats Rose regarding the North Fort Bend Water Authority 22 May 2019 Regular Board of Directors meeting
17. Operator's Report
18. Letter from the Fort Bend Central Appraisal District dated 6 May 2019 submitting the proposed 2019-2020 Operating Budget for the Appraisal District