

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

24 September 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 24th day of September, 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; Clay Brandenburg, Katie May, and Sabrina Alaquinez-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; Les Griffith and T. J. Cloud of Champions Hydro-Lawn, Inc. ("Champions"), the District's detention pond maintenance contractor; Julie Williams of Rathmann & Associates, L.P. ("Rathmann"), the District's Financial Advisor; 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 August 2019. Director Brewer noted a correction required on page four regarding the District's total tax rate for 2019. After review, upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of the meeting of 27 August 2019 as corrected.

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 \$47,437.09. He reported that 99.09% of the District's 2018 tax levy and 99.83% of the District's 2017 tax levy had been collected

as of 31 August 2019. Mr. Bonnerjee asked for the Board's approval of four checks written on the District's Tax Account.

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.

Then 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.

Next, Ms. Williams reminded those present that the Board reviewed the 2019 tax rate recommendation prepared by Rathmann at the 27 August 2019 Board meeting. The Board then discussed the effects of setting a tax rate of \$0.24 per \$100 of assessed valuation for the District's debt service tax rate, \$0.16 per \$100 of assessed valuation for the contract tax due to Cinco Municipal Utility District No. 1 ("Cinco MUD 1"), and \$0.22 per \$100 of assessed valuation for the District's maintenance and operations tax rate. Ms. Williams presented a comparison of residential home values assessed by the Fort Bend Central Appraisal District (the "Appraisal District") in 2018 and 2019. A copy of the comparison is attached as an exhibit to these minutes. Ms. Williams pointed out that setting either a total tax rate of \$0.58 per \$100 of assessed valuation or setting a total tax rate of \$0.62 per \$100 of assessed valuation would significantly reduce the total tax bill to residents of Canterbury Park. After a question from Director Haas, Ms. Williams said that a total tax rate of \$0.62 per \$100 of assessed valuation levied could affectively bring the District closer to a balanced budget for the fiscal year ending 31 May 2020. Ms. Williams added that if the remaining estimated reimbursement amounts are granted to the District by the Federal Emergency Management Agency ("FEMA"), this could add to the District's Operating Fund reserve.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize publication of a notice of public hearing for the District's 22 October 2019 Board of Directors meeting showing a tax rate of \$0.24 per \$100 of assessed valuation for the District's debt service tax rate, \$0.16 per \$100 of assessed valuation for the contract tax due to Cinco MUD 1, and \$0.22 per \$100 of assessed valuation for the District's maintenance and operations tax rate. Mr. Bonnerjee proposed to publish the notice of the District's total proposed tax rate for 2019 of \$0.62 in The Houston Chronicle, and the Board concurred. Mr. Yale reminded the Board that a quorum would need to be present to adopt the tax rate at the District's 22 October 2019 Board of Directors meeting. He requested that the Board let his office know as soon as possible if there were any scheduling conflicts in this regard.

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 three W.I.S.E. (Water Irrigation System Evaluation) Guys irrigation evaluations were performed in the District during the month of August 2019. She then reviewed with the Board the actual versus budgeted amounts listed on the Statement of Revenues and Expenditures for the two months ended 31 July 2019.

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 exhibits to these minutes.

Then Mr. Konopka 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 was a plaintiff in the Hurricane Harvey Litigation being represented by the Houston law firm of Vujasinovic & Beckcom PLLC ("VB Attorneys"). He said that a hearing was held on 13 September 2019 in Washington, D.C. regarding the up-stream test case trial. He noted that a ruling on the hearing was expected in mid-October 2019.

A discussion then ensued regarding the District's Request for Public Assistance that was filed with FEMA for reimbursement of the District's costs incurred in response to Hurricane Harvey not covered by the District's insurance policies. Ms. May pointed out that a check in the amount of \$83,259.05 had been received for a portion of the \$1,647,602.98 billed to the District for debris removal and street cleaning following Hurricane Harvey by Waste Corporation of Texas, L.P. ("WCA"). She explained that the \$83,259.05 paid represented a percentage of the total amount due that could possibly be paid by FEMA in the future. Ms. May then commented that after receipt of the \$83,259.05 check, she received a verbal notification from a FEMA representative that the District's claim for debris removal and street cleaning had been denied because the debris removal by WCA had not been monitored by a third party. Ms. May assured the Board that she was working closely with FEMA representatives and that the verbal denial would be appealed by Inframark.

Then the Board briefly reviewed the Security Report for August 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. Then the Board reviewed the Interlocal Agreement for Additional Law Enforcement Services (the "Agreement") between Fort Bend County and the District for the period 1 October 2019 through 30 September 2020. Following a brief discussion, the Board decided to defer approval of the Agreement until amounts billed to the District by the Constable's Office had been audited by the District's Bookkeeper.

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 noted that the District's website had recently been updated to include information regarding the rain-barrel give-away.

Next, Mr. Cloud 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. Cloud noted that Champions continues to monitor the active construction by Morrow Construction, Inc. occurring adjacent to the District near the Pappa Blakely Pond which is a multi-family development being served by Fort Bend County Municipal Utility District No. 51. The Board commented that the District's detention pond appeared to be in good shape.

Then Director Brewer reminded those present that at the July 2019 meeting, the Board approved a proposal from American Wall Systems, L.P. ("American Wall") in the amount of \$18,700 for replacement of 183 linear feet of fencing at the District's Canyon Gate Lift Station. Mr. Konopka then presented for the Board's review and approval a Contract for Services (the "Contract") between American Wall and the District. Mr. Konopka also submitted for the Board's review a memorandum from the District's Attorney regarding the insurance submitted by American Wall in connection with the wall project. A copy of the memorandum is attached hereto as an exhibit to these minutes. Mr. Konopka remarked that the insurance submitted by American Wall was found to be in order. After review, upon a motion duly made and seconded, the Board voted unanimously to accept the proposal from American Wall Systems in the amount of \$18,700 and authorize Director Brewer to sign the proposal on behalf of the District as presented.

Next, Mr. Yale recalled that on 22 July 2008, the Board agreed to participate in the Cinco Ranch Water Reuse System by approving Amendment No. 1 to the Contract for Financing and Operation of Waste Collection, Treatment and Disposal Facilities and Regional Water Supply and Delivery Facilities ("Amendment No. 1") to include the Reuse System with Cinco MUD 1. He reminded those present of the presentation provided by Steve Robinson of Allen Boone Humphries Robinson, LLP, the attorneys for Cinco MUD 1, at the August 2019 meeting in which Mr. Robinson summarized recent difficulties affecting Cinco Municipal Utility Districts Nos. 1, 2, 3, 5, 6, 7, 8, 9, 10, 12, and 14 (the "Cinco MUDs"), including effects from the drought of 2011, subsidence, the increased costs of complying with the Fort Bend Subsidence District's 2003 Regulatory Plan, and rising Groundwater Reduction Plan fees assessed to the Cinco MUDs by the North Fort Bend Water Authority (the "Water Authority"). He then presented for the Board's review and approval Amendment No. 2 to Contract for Financing and Operation of Waste Collection, Treatment and Disposal Facilities and Regional Water Supply and Delivery Facilities ("Amendment No. 2"). He explained that Amendment No. 2 would extend the term of Amendment No. 1 between the District and Cinco MUD 1 until 1 January 2063. After review, upon a motion duly made and seconded, the Board voted unanimously to

accept Amendment No. 2 as presented. A copy of Amendment No. 2 is attached as an exhibit to these minutes.

Director Brewer then distributed a summary of recommended changes to the District's Consolidated Rate Order in order to increase the District's revenue. A copy of the summary is attached as an exhibit to these minutes. Director Brewer proposed amending Section 3.01 (Water Service Rates) by splitting the tiered rate for single-family homes, commercial accounts, and clubs and schools as follows: (1) consumption of 20,001 gallons through 25,000 gallons would be billed at a rate of \$5.00 per 1,000 gallons and (2) consumption of 25,001 gallons through 30,000 gallons would be billed at a rate of \$7.50 per 1,000 gallons. Director Brewer also suggested that an additional tiered rate be added to the club and school consumptions of 35,001 and above to be billed at a rate of \$15.00 per 1,000 gallons and to increase the consumption rate for water services by non-profit community or civic associations from \$0.75 to \$0.88 per 1,000 gallons for consumption of 10,001 gallons and above. Director Brewer also recommended amending Section 3.02 (Sewer Services Rates) of the District's Consolidated Rate Order to increase the sanitary sewer charges of \$1.75 to \$1.99 per 1,000 gallons of metered water billed. Director Brewer estimated that additional revenue generated by the increases to the residential accounts would be approximately \$12,000 during a 12-month period. Ms. May then recalled that in May 2019, the Board approved a five-year renewal for solid waste collection services with Best Trash, LLC ("Best Trash") to serve 1,000 customers in the District at a monthly rate of \$16.75 per residence. She inquired as to whether the Rate Order should include the additional increase for solid waste services by Best Trash. After discussion, the Board agreed to defer amendments to the District's Consolidated Rate Order until the 22 October 2019 Board meeting.

Then Director Brewer briefly discussed his communications with Jack Carter, P.E. of Dannenbaum Engineering Corporation, the District's Engineer, regarding flood damage prevention in the Canyon Gate and South Park subdivisions of the District. Director Brewer reported that Mr. Carter suggested that no action be taken in this regard until the U. S. Army Corps of Engineers completes construction of the Addicks Reservoir and Barker Reservoir diversion channels.

Director Brewer then suggested community outreach on behalf of the District by providing donuts on a monthly basis to the Best Trash solid waste collection workers. After discussion, the Board agreed to defer a decision to a future date.

A brief discussion ensued regarding annexing additional commercial businesses into the District, including the Metropolitan Transit Authority of Harris County Park-N-Ride and the Cube Smart Self Storage located adjacent to the District. Director Lozano said that he did not believe soliciting these businesses to join the District would benefit the District at this time. Ms. Montalbano said that the District's operating funds would first need to be increased prior to undertaking any additional costs associated with annexation proceedings. After a brief discussion regarding the costs associated with extending water and sewer services to these businesses, the Board decided not to proceed with annexing additional commercial businesses into the District at this time.

Then Ms. Ely briefly reviewed the memorandum dated 28 August 2019 from Coats Rose regarding the actions of the Water Authority, a copy of which is attached as an exhibit to the minutes. Ms. May noted that the Water Authority intended to implement an increase in the pumpage fees from \$3.65 per 1,000 gallons of groundwater pumped to \$3.95 per 1,000 gallons and increase the surface water fee from \$4.00 per 1,000 gallons of water delivered by the Water Authority to \$4.35 per 1,000 gallons. She noted that the rate increase would be effective 1 January 2020.

Next, Ms. Alaquez-Wallin presented the Operator's Report for August 2019, a copy of which is attached hereto as an exhibit to these minutes. Ms. Alaquez-Wallin detailed various repairs and maintenance activities performed in the District during August 2019, including lift station, water line, sewer facilities, 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% for August 2019.

Ms. Alaquez-Wallin then 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. Director Lozano then inquired as to the account listed in the Delinquent List with no deposit amounts. Ms. May explained that the account had never been delinquent prior to this time. She said that a payment plan had been allowed, but the customer was not current on the payments. Ms. Alaquez-Wallin then noted that because of recent damage caused by Tropical Storm Imelda to the North Houston United States Postal Service sorting center, Inframark had noticed a decrease in mail delivery. Ms. May suggested that the Board consider a penalty hold until 1 November 2019 in order to allow for delinquent accounts.

Finalizing her report, Ms. Alaquez-Wallin explained that Inframark had recently performed a fire hydrant survey in the District and discovered that 48 of the District's 100 fire hydrants needed to have repairs performed. She then presented a summary of the proposed repairs, a copy of which is attached as an exhibit to these minutes. Ms. Alaquez-Wallin said that the total costs to the District for the listed repairs was approximately \$11,060.00.

After further review and discussion, upon a motion duly made and seconded, the Board voted unanimously to: (1) accept the Operator's Report; (2) allow a penalty hold for delinquent accounts until 1 November 2019; (3) authorize termination of the accounts that remained unpaid on the deadline date; and (4) authorize Inframark to proceed with repairs to the District's fire hydrants as outlined above.

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 24 September 2019  
Attachments

1. Tax Assessor/Collector's Report, Payment Plan Summary, Delinquent Tax Roll
2. Comparison of 2018 and 2019 Residential Home Values prepared by Rathmann & Associates, L.P.
3. Bookkeeper's Report and Quarterly Investment Report
4. Summary of Hurricane Harvey Projects prepared by Inframark LLC and status of the Request for Public Assistance from the Federal Emergency Management Agency
5. Security Report from Fort Bend County Precinct 3 Constable's Office
6. Off Cinco's Website Traffic Report
7. Detention and Drainage Facilities Report
8. Memorandum from Coats Rose, P.C. regarding insurance review for the contract between the District and American Wall Systems, L.P. for wall repairs at the Cinco MUD 8 Lift Station
9. Amendment No. 2 to Contract for Financing and Operation of Waste Collection, Treatment and Disposal Facilities and Regional Water Supply and Delivery Facilities
10. Summary of Cinco 8 Service Rates (prepared by Director Brewer)
11. Memorandum from Coats Rose, P.C. regarding the North Fort Bend Water Authority Board of Directors meeting
12. Operator's Report