

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

22 October 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 22nd day of October, 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 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; Jack Carter, P.E. of Dannenbaum Engineering Corporation, the District's Engineer; 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 24 September 2019. After review, upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of the meeting of 24 September 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 \$46,269.73. He reported that 99.17% of the District's 2018 tax levy had been collected as of 30 September 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 the one account that B&A was tracking with an installment plan 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 account summary 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.

Mr. Bonnerjee then presented for the Board's review and approval the Amended and Restated Agreement for Services of Tax Assessor and Collector (the "Amendment"). He thanked the Board for allowing B&A to serve as the District's tax assessor/collector since 2011, and he added that B&A looked forward to serving the District in the future. He stated that because of the rising costs of insurance, fuel, office supplies, taxes, and staffing, B&A would need to increase the fees charged to the District. He noted that B&A was requesting an increase of 5% per month to the District's original Agreement for Services of Tax Assessor and Collector. After a brief discussion and upon a motion duly made and seconded, the Board voted unanimously to approve the Amendment as presented. A copy of the Amendment is attached hereto and shall be considered an exhibit to these minutes.

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 September 2019. She then reviewed with the Board the actual versus budgeted amounts listed on the Statement of Revenues and Expenditures for the three months ended 31 August 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, are attached hereto as exhibits to these minutes.

Then Ms. Montalbano reviewed with the Board a proposed revised Operating Budget (the "Budget") for the fiscal year ending 31 May 2020, a copy of which is included in the Bookkeeper's Report. She said that she had incorporated in the Budget the proposed revenue amounts for the District's 2019 maintenance and operations tax based on the adopted tax rate. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the revised Operating Budget as presented.

Mr. Yale pointed out that this action would need to be ratified at the next Board of Directors meeting because the item was not listed on the agenda.

Director Brewer then explained that the expenses associated with hiring handicap assessable transportation to attend the monthly Board of Directors meeting was approximately \$200.00. He noted that by installing a wheelchair ramp in his personal vehicle at a one-time cost of \$300.00, the transportation fee could be removed from his monthly expenses. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve reimbursement to Director Brewer in the amount of \$300.00 for the purchase of a wheelchair accessible ramp to be installed in his personal vehicle. Director Brewer agreed to provide any receipts for the purchase of the ramp to the District's Bookkeeper.

Then Director Brewer distributed a summary of recommended changes to the District's Consolidated Rate Order ("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 adding tiered rates for irrigation and green spaces in the District. After a brief discussion, the Board decided to defer any revisions to the District's Rate Order until the 26 November 2019 Board of Directors meeting.

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 was a plaintiff in the Hurricane Harvey Litigation being represented by the Houston law firm of Vujasinovic & Beckcom PLLC. 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 soon.

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 not covered by the District's insurance policies for debris removal and street cleaning following Hurricane Harvey by Waste Corporation of Texas, L.P. ("WCA"). Ms. May recalled that Inframark had been notified by a FEMA representative that the District's claim for debris removal and street cleaning by WCA had been denied because the debris removal 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 by FEMA would be appealed by Inframark. Ms. May then 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 September 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. The Board also reviewed the Interlocal Agreement for Additional Law Enforcement Services (the "Law

Enforcement Agreement") between Fort Bend County and the District for the period 1 October 2019 through 30 September 2020. Following a brief discussion, and upon a motion duly made and seconded, the Board voted unanimously to approve and execute the Agreement. A copy of the Law Enforcement Agreement thus approved is attached hereto as an exhibit to these minutes.

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, Ms. Ely presented the Detention and Drainage Facilities Report (the "Detention Report") for the Board's review, as provided by Champions Hydro-Lawn, Inc. ("Champions"), the District's detention pond maintenance contractor. A copy of the Detention Report is attached hereto as an exhibit to these minutes. Ms. Ely reviewed the Detention Report in detail with the Board and pointed out various photographs of interest.

Then Director Brewer reported on the status of replacement of 183 linear feet of fencing at the District's Canyon Gate Lift Station by American Wall Systems, L.P. ("American Wall"). He said that it appeared that work was progressing and that American Wall planned to complete the project in November 2019.

Next, Director Brewer said that there were no updates on possible construction of a sidewalk to be completed along F.M. 1093 at Mason Road located near the Chevron gasoline station. He noted that communications with the Cinco Land Management Office had recently stalled.

The Board then considered approval of documents for the sale of the Contract Revenue Refunding Bonds, Series 2019 (the "Refunding Bonds") and Contract Revenue Bonds, Series 2019A (the "Bonds") by Cinco Municipal Utility District No. 1 ("Cinco 1"). Mr. Konopka explained that the documents included a General Certificate and a RESOLUTION TO COMPLY WITH THE SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 for both the Bonds and the Refunding Bonds. He continued that the instruments would be part of Cinco 1's transcript to be submitted to the Attorney General of Texas. Mr. Konopka added that the documents set forth the District's commitment to provide information that Cinco 1 would have to provide as part of the annual updates of certain information in the Official Statements for Cinco 1's bonds. After review, upon a motion duly made and seconded, the Board voted unanimously to adopt the resolutions and to authorize execution of the General Certificates and Resolutions. A copy of each instrument is attached to and shall be considered to be part of these minutes.

Director Brewer then convened the public hearing regarding the 2019 tax rate for the District. Mr. Bonnerjee confirmed that the Notice of Public Hearing on Tax Rate had been published in The Katy Rancher as required, and he presented the Affidavit of Publication of same. A copy of the Affidavit of Publication is attached hereto and made a part of these minutes. Director Brewer noted that there were no persons present to comment about the proposed tax rate, and he closed the public hearing.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to set the District's ad valorem debt service tax rate at \$0.24 per \$100 of assessed valuation, to set the District's contract tax rate for payments to Cinco 1 at \$0.16 per \$100 per assessed valuation, to set the District's maintenance and operations tax rate at \$0.22 per \$100 of assessed valuation, and to adopt the ORDER LEVYING TAXES, a copy of which is attached hereto and shall be considered to be a part of these minutes.

Next, Mr. Yale explained that the Board needed to adopt an Amendment to the District's Information Form whenever any information in the Information Form was changed, including the annual setting of the District's tax rate. Mr. Yale noted that the amendment would be filed with the Texas Commission on Environmental Quality, in the Official Public Records of Fort Bend County, and in the offices of Coats Rose. After review, upon a motion duly made and seconded, the Board voted unanimously to approve Amendment No. 37 to the District's Information Form and to authorize filing of same as outlined. A copy of Amendment No. 37 to the District's Information Form thus approved is attached hereto and shall be considered to be a part of these minutes.

Then Ms. Ely briefly reviewed the memorandum dated 25 September 2019 from Coats Rose regarding the actions of the North Fort Bend Water Authority (the "Water Authority"), a copy of which is attached as an exhibit to the minutes. Ms. Ely reminded those present 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 to 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 pointed out that the rate increase would be effective 1 January 2020.

Next, Director Brewer conducted a drawing for the award of five rain barrels to residents of the District. After the drawing, Director Brewer announced that the winners were J. Hernandez, K. Barry, and L. Magsino of Canyon Gate; A. Lapetina of Canterbury Park; and M. Altemus of South Park subdivisions. Ms. May said that Inframark would work with Director Brewer regarding delivery of the rain barrels to the District residents.

Then Ms. Alaquez-Wallin presented the Operator's Report for September 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 1's service area water accountability (ratio of billed-to-pumped water) was 93% for September 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.

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 remained unpaid on the deadline date.

Then Ms. May presented a Fifth Amendment to Professional Services Agreement (the "Agreement") between the District and Inframark for the Board's approval. Ms. May reviewed the Schedule of Standard Rates attached to the Agreement with the Board, noting the various services provided by Inframark. Mr. Yale pointed out the Agreement included language that annual increases by Inframark were based on the Consumer Price Index ("CPI") as calculated by Urban Consumers – Water and Sewerage Maintenance. A discussion ensued regarding annual CPI indexes within the United States. Director Haas suggested that Ms. May research regional CPI indices for inclusion in the Agreement. After discussion, the Board agreed to defer approval of the proposed Agreement between the District and Inframark until the 26 November 2019 Board of Directors meeting.

Ms. May also submitted a summary of Inframark's current charges, proposed charges, and recommended changes in amounts billed by the District for operation and maintenance services through the District's Rate Order. A copy of the summary is attached as an exhibit to these minutes. Ms. May said that she would provide Coats Rose with a proposed language to include in the District's Rate Order for approval at the 26 November 2019 Board meeting.

Lastly, the Board was in receipt of the final Annual Financial Report for the year ended 31 May 2019 and the Management Letter from McCall Gibson Swedlund Barfoot PLLC, the District's Auditor. The Annual Financial Report is filed in the permanent files of the District, and a copy of the Management Letter is attached to these minutes as an exhibit.

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 22 October 2019 Attachments

1. Tax Assessor/Collector's Report, Payment Plan Summary, Delinquent Tax Roll
2. Amended and Restated Agreement for Services of Tax Assessor/Collector
3. Bookkeeper's Report, Quarterly Investment Report, and proposed Amended Budget for the Fiscal Year Ended 31 May 2020
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. Summary of residential, irrigation, and commercial rate increased (as presented by Director D. Brewer)
6. Security Report from Fort Bend County Precinct 3 Constable's Office
7. Interlocal Agreement for Additional Law Enforcement Services between Fort Bend County and the District
8. Off Cinco's Website Traffic Report
9. Detention and Drainage Facilities Report
10. Documents related to the sale of Contract Revenue Refunding Bonds, Series 2019 and Contract Revenue Bonds, Series 2019A, including a Resolution to Comply with the Securities and Exchange Commission Rule 15c2-12 and a General Certificate by Cinco Municipal Utility District No. 1
11. Affidavit of Publication for the 2019 Order Levying Taxes
12. Order Levying Taxes
13. Amendment No. 37 to the District's Information Form
14. Memorandum from Coats Rose, P.C. regarding the North Fort Bend Water Authority Board of Directors meeting
15. Operator's Report
16. Summary of Inframark, LLC's charges and amounts billed by the District for operation and maintenance services through the District's Rate Order
17. Management Letter from McCall Gibson Swedlund Barfoot, PLLC