

MINUTES
CYPRESS FOREST PUBLIC UTILITY DISTRICT

January 5, 2016

The Board of Directors (the "Board") of Cypress Forest Public Utility District, (the "District"), met in regular session, open to the public, on the 5th day of January, 2016, at the Cypress Forest Public Utility District Administrative Building, 16215 Champion Forest Drive, Spring, Texas 77379, inside the boundaries of the District, and the roll was called of the members of the Board:

Greg DiCioccio	President
Fred P. Jones	Vice President
Thomas J. Petrick	Secretary
David Normand	Assistant Secretary
John N. Parker	Assistant Vice President

and all of the above were present, thus constituting a quorum.

Also present for all or part of the meeting were Jackson Hahn of Boy Scout Troop No. 1323 and resident of the District; Alice Kanayan and Martha Hahn, residents of the District; Ryan Fortner of Sales Revenue, Inc.; Barb Smith of the Champion Forest Maintenance Fund and resident of the District; Kim Shelnett of Myrtle Cruz, Inc.; Esther Flores of Tax Tech, Inc.; Barbara Thomason of the Houston Northwest Chamber of Commerce; Nabil Joubran of Pepe Engineering, Ltd.; Andrew Phelps of Environmental Development Partners, LLC; Les Griffith of Champions Hydro-Lawn, Inc.; and Greer Pagan and Justine M. Cherne of Allen Boone Humphries Robinson LLP ("ABHR").

Director DiCioccio called the meeting to order.

PUBLIC COMMENTS

Director DiCioccio opened the meeting to receive public comments. There being no public comments, Director DiCioccio closed the meeting to public comments.

CONSENT AGENDA:

APPROVE MINUTES

FINANCIAL AND BOOKKEEPING, INCLUDING PAYMENT OF BILLS

TAX ASSESSMENT AND COLLECTION, INCLUDING PAYMENT OF BILLS

ENGINEERING, INCLUDING LONG-TERM MAINTENANCE PLAN

OPERATION OF DISTRICT FACILITIES

The minutes of the December 1, 2015, meeting of the Board were previously distributed. The Board concurred to remove the engineer's report from the Consent

Agenda. Upon a motion made by Director Jones and seconded by Director Petrick, the Board voted unanimously to approve the remaining items on the Consent Agenda. Copies of the bookkeeper's report, tax assessor/collector's report, and operator's report are attached.

ADDITIONAL FINANCIAL AND BOOKKEEPING ACTION ITEMS

Ms. Shelnuttt presented and reviewed with the Board two additional checks for payment of meeting expenses and a per diem. She noted a correction to the purchased sewer expense included in the budget upon Director Petrick's inquiry. Following review and discussion, Director Parker moved to authorize execution of the two additional checks as presented. Director Normand seconded the motion, which was approved by unanimous vote.

ANNUAL DISCLOSURE STATEMENTS

The Board reviewed the annual disclosure statements of the bookkeeper and Investment Officer pursuant to the Public Funds Investment Act and the District's Investment Policy. Mr. Pagan stated that the statements are filed annually with the Texas Ethics Commission. Following review and discussion, Director Parker moved to accept the annual disclosure statements of the bookkeeper and Investment Officer, and direct that the disclosure statements be filed appropriately and retained in the District's official records. Director Normand seconded the motion, which was approved by unanimous vote.

ANNUAL REPORT REGARDING POST-ISSUANCE COMPLIANCE POLICY

Mr. Pagan reported on the District's compliance activities during the prior calendar year related to bond financings. He stated that no corrective action is required at this time.

ADDITIONAL TAX ASSESSMENT AND COLLECTION ACTIONS

Ms. Flores reviewed information related to payment of delinquent taxes for recently sold bankrupt properties in response to Director Petrick's inquiry.

SALES TAX AND REVENUE REPORT

Mr. Fortner presented and reviewed with the Board a Sales Tax Audit Report and a memorandum regarding December 2015 Sales Tax Audit and Business List Update, Recovery of Sales Tax, Ongoing Services Provided, copies of which are attached. He stated that the information contained in the report will continue to be tracked on a monthly basis.

ARBITRAGE REBATE REPORT FOR SERIES 2010A BONDS

The Board reviewed a previously distributed arbitrage rebate report on the District's Series 2010A Bonds prepared by OmniCap Group LLC reflecting that no arbitrage rebate payment is owed to the Internal Revenue Service.

HOMEOWNERS ASSOCIATION MATTERS

Director Petrick and Ms. Smith reported on items discussed during a meeting of the Champion Forest Maintenance Fund's ("HOA") Board of Directors and discussed HOA activities, residential solid waste and recycling services performed over the holidays, and the status of the playground equipment improvement project at Brill Elementary School, including Harris County Municipal Utility District No. 468's participation in the project. Ms. Smith requested that Director Petrick address the attendees of the HOA's annual meeting scheduled for February 1, 2016, and discuss the rising cost of water. She reported that the HOA hired a security patrolman to replace Lieutenant Finley who is retiring.

IMPLEMENTATION OF HOUSE BILL 1295

Mr. Pagan presented and reviewed a memorandum from ABHR regarding implementation of House Bill 1295 that was passed by the Texas Legislature during the 84th Legislative Session, which enacted Section 2252.908, Government Code, imposing new requirements for any new, amended, extended or renewed contracts entered into by governmental entities on or after January 1, 2016. A copy of the memorandum is attached. Mr. Pagan stated that business entities must file a FORM 1295 with the Texas Ethics Commission and disclose certain interested parties, intermediaries, and controlling interests when seeking any contract that is in excess of \$1 million or requires an action or vote by the governing body before a governmental entity may enter into a contract. He discussed FORM 1295 promulgated by the Texas Ethics Commission for a business entity to complete, execute and notarize, and provide to the governmental entity at or in advance of the meeting at which the related contract may be considered.

GROW NORTHWEST INITIATIVE PARTICIPATION REQUEST

Ms. Thomason addressed the Board and discussed a previously distributed letter from the Houston Northwest Chamber of Commerce requesting the District's participation in the Grow Northwest economic development initiative, including adoption of a resolution and execution of an agreement for participation in a water bill donation program for the initiative. She reviewed a brochure and additional documentation and information regarding the program. Copies of the letter, brochure, and additional documentation are attached.

DEVELOPMENT AND MAINTENANCE OF PARKS AND TRAILS

The Board discussed matters related to the development and maintenance of park facilities and trails in Cypress Forest Park. Director Normand reported on the planting of 160 trees donated by Trees for Houston, installation of bubbler irrigation for the trees, and field testing of the controllers for the irrigation system.

The Board discussed the Association of Water Board Parks Committee meeting scheduled for January 8, 2016.

PROPOSED DEVELOPMENT PROJECT FOR THE RAVENEAUX COUNTRY CLUB TRACT, INCLUDING ACTIONS RELATED TO THE LEASE AGREEMENT

Director Petrick reported on the status of the proposed development project for the Raveneaux Country Club tract per his discussions with the owner of the tract.

ENGINEERING REPORT AND ACTION ITEMS AND REQUEST FOR CONVEYANCE OF WASTEWATER

Mr. Joubran presented and reviewed with the Board the engineer's report, a copy of which is attached. He discussed the District's long-term maintenance plan and recommended approving a proposal from Source Point Solutions for performance of televised inspections of the sanitary sewer trunk lines and collection lines located in Champion Forest Sections 1 and 2 for an estimated cost of \$235,203.50. A copy of the proposal is attached to the engineer's report. Mr. Joubran responded to Board members' questions regarding sanitary sewer trunk line repairs previously performed in the District and coordination with the participants in the trunk lines per the District's Amended and Restated Joint Trunk Sewer Line Agreement with Cy-Champ P.U.D. and Louetta North P.U.D.

The Board discussed an ongoing evaluation by the Board of Directors of Harris County Fresh Water Supply District No. 52 to determine whether to join the Kleinwood Regional Wastewater Treatment Plant and use the District's sanitary sewer trunk lines and force main located along Champion Forest Drive and Cypresswood Drive for permanent transport of sewage flow through the District's facilities.

Following review and discussion, Director Normand moved to accept the proposal from Source Point Solutions for performance of televised inspections of the sanitary sewer trunk lines and collection lines located in Champion Forest Sections 1 and 2 for an estimated cost of \$235,203.50. Director Parker seconded the motion, which was approved by unanimous vote.

Mr. Joubran reported that he has been contacted by the engineer for Harris County Water Control and Improvement District No. 116 ("No. 116") regarding No. 116's evaluation of options for wastewater treatment, including whether to join the Kleinwood Regional Wastewater Treatment Plant. He stated that No. 116 has asked

whether the District would consider No. 116's proposed use of the District's sanitary sewer trunk lines and force main located along Champion Forest Drive and Cypresswood Drive for permanent transport of sewage flow through the District's facilities. He stated that No. 116 has also expressed interest in participating in the funding of the District's lift station improvement project. Mr. Griffith added that No. 116 currently participates in a joint wastewater treatment plant with Heatherlock Municipal Utility District and that the flow of both districts would be included in any proposal. Following discussion, the Board authorized Mr. Joubran to notify No. 116 that the District is agreeable to entering into an agreement that implements permanent transport of No. 116's sewage flow through the District's facilities.

Following review and discussion, Director Jones moved to approve the engineer's report. Director Parker seconded the motion, which was approved by unanimous vote.

AGREEMENT FOR RECLAIMED WATER SERVICE AND RECLAIMED WATER SUPPLY AGREEMENT

The Board discussed a proposed effluent reuse treatment facility to be located in the vicinity of the Kleinwood Regional Wastewater Treatment Plant, including a proposed Agreement for Reclaimed Water Service with Raveneaux Country Club and a proposed Reclaimed Water Supply Agreement with Kleinwood Joint Powers Board. Discussion ensued regarding the status of negotiations between proposed participants in the project and a meeting scheduled for January 12, 2016, with representatives of the Raveneaux Country Club.

ADDITIONAL DISTRICT FACILITY OPERATIONS ACTION ITEMS

There were no additional District facility operations action items.

CONDUCT HEARING ON TERMINATION OF WATER SERVICE

The Board conducted a hearing on the termination of water service. Mr. Phelps reported that the customers included on the delinquent list were delinquent by more than 50 days and had been given written notice 10 days prior to this meeting of the opportunity to appear before the Board to explain, contest or declare why the utility service should not be terminated for reason of nonpayment. Mr. Phelps stated that he will review two accounts per the Board's request. Following review and discussion, Director Parker moved to terminate the service for the customers on the list in 10 days if the bill is not paid in accordance with the District's Rate Order. Director Petrick seconded the motion, which was approved by unanimous vote, except for Director Normand who was not present for the vote.

NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY (THE "NHCRWA")

Director DiCioccio reported on items discussed during the January, 2016 monthly meeting of the NHCRWA, including the issuance of bonds by the NHCRWA for the first phase of surface water projects, the adoption of an Amended Rate Order containing a \$0.40 increase in fees charged to the District in the amounts of \$2.40 for groundwater pumped and \$2.85 for surface water received, effective April, 2016.

KLEINWOOD REGIONAL WASTEWATER TREATMENT PLANT

Director DiCioccio discussed the operations and maintenance of the Kleinwood Regional Wastewater Treatment Plant, including a bar screen repair project and an electrical evaluation of the plant.

PUBLIC COMMUNICATIONS

There was no discussion regarding public communication matters.

2016 DIRECTORS ELECTION

Mr. Pagan discussed procedures related to the 2016 Directors Election. He reviewed a Resolution Designating an Agent of the Secretary of the Board during the 2016 Directors Election Period. Following review and discussion, Director Jones moved to adopt a Resolution Designating an Agent of the Secretary of the Board during the 2016 Directors Election Period appointing Justine M. Cherne as the agent of the Secretary of the Board to perform the duties of the District's Directors Election, authorize the agent to post the related notice as required, and direct that the resolution be filed appropriately and retained in the District's official records. Director Petrick seconded the motion, which was approved by unanimous vote.

Mr. Pagan reported on the requirements for filing a Notice of Deadline to File Applications for Place on the Ballot for the 2016 Directors Election. Following discussion, Director Jones moved to authorize the Secretary's agent to post the notice as required. Director Petrick seconded the motion, which was approved by unanimous vote.

Mr. Pagan discussed newly enacted legislation regarding exemptions from using electronic voting systems during the 2016 Directors Election. Following discussion, Director Jones moved to authorize notice of an exemption from using electronic voting systems during the 2016 Directors Election in a newspaper of general circulation. Director Petrick seconded the motion, which was approved by unanimous vote.

The Board discussed pay for election officials during the 2016 Directors Election. Following discussion, Director Jones moved to set the pay for election officials during the 2016 Directors Election at \$15.00 per hour. Director Petrick seconded the motion, which was approved by unanimous vote.

MEETING SCHEDULE AND AGENDA

The Board discussed its meeting schedule and items for inclusion on the next meeting agenda and concurred to hold its February 2, 2016, meeting at 5:00 p.m. at the District's Administrative Building.

There being no other matters to come before the Board, the meeting was adjourned.

[SIGNATURE PAGE FOR THE MINUTES OF THE JANUARY 5, 2016, BOARD MEETING]


Secretary, Board of Directors



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