

MINUTES
CYPRESS FOREST PUBLIC UTILITY DISTRICT

March 1, 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 1st day of March, 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 Alice Kanayan and Jim Fryfogle, residents of the District; Barb Smith of the Champion Forest Maintenance Fund (the "CF HOA") and resident of the District; Sasha Aguilar and Nate McClendon of WCA; Kim Shelnett of Myrtle Cruz, Inc.; Nabil Joubran of Pepe Engineering, Ltd.; Andrew Phelps of Environmental Development Partners, LLC ("EDP"); Esther Flores of Tax Tech, Inc.; Les Griffith of Champions Hydro-Lawn, Inc.; and Greer Pagan and Justine M. Cherne of Allen Boone Humphries Robinson LLP.

Director DiCioccio called the meeting to order.

PUBLIC COMMENTS

Director DiCioccio opened the meeting to receive public comments. Ms. Aguilar and Mr. McClendon introduced themselves to the Board as the District's new representatives for garbage collection matters and provided their contact information. There being no additional 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 February 2, 2016, meeting of the Board were previously distributed. Upon a motion made by Director Parker and seconded by Director

Normand, the Board voted unanimously to approve the items included on the Consent Agenda. Copies of the bookkeeper's report, tax assessor/collector's report, engineer's report, and operator's report are attached.

ADDITIONAL FINANCIAL AND BOOKKEEPING ACTION ITEMS

Ms. Shelnutt presented and reviewed with the Board four additional checks for payment of invoices from The Texas Network, Bella Terra Care, Inc., Champions Hydro-Lawn, Inc., and meeting expenses. She noted that the Board previously approved to reimburse the CF HOA for its irrigation system controller replacement project in the amount of \$10,000.00. Following review and discussion, Director Normand moved to authorize execution of the four additional checks as presented and consider reimbursement for the CF HOA's irrigation system controller replacement project during the April 5, 2016 meeting. Director Parker seconded the motion, which was approved by unanimous vote.

APPROVE ANNUAL REPORT AND AUTHORIZE FILING OF SAME

The Board reviewed the District's Annual Report for filing with the appropriate information depositories by March 31, 2016, in accordance with the District's Continuing Disclosure of Information Agreements and as required by SEC Rule 15c2-12. Following review and discussion, Director Petrick moved to approve the Annual Report and direct that the report be filed appropriately and retained in the District's official records. Director Normand seconded the motion, which was approved by unanimous vote.

PROCEDURES FOR CONTINUING DISCLOSURE COMPLIANCE

The Board conducted an annual review of the District's Procedures for Continuing Disclosure Compliance and concurred that no action was necessary.

ADOPT RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

The Board considered establishing the District's tax exemptions for the 2016 tax year and reviewed a proposed Resolution Concerning Exemptions from Taxation. Following review and discussion, Director Parker moved to adopt a Resolution Concerning Exemptions from Taxation, which provides for the exemption from ad valorem taxation the amount of \$100,000 of the appraised value of residence homesteads of individuals who are disabled or are sixty-five years of age or older, and rejects the general residential homestead and travel trailer exemptions. Director Petrick seconded the motion, which was approved by unanimous vote.

HOMEOWNERS ASSOCIATION MATTERS

Director Petrick reported on items discussed during the CF HOA's Board of Directors meeting and discussed HOA activities. Ms. Smith reminded the Board that it

previously approved to reimburse the CF HOA for its proposed project to install miles per hour radar signs on Cypresswood Drive in the amount of \$6,000.00. She stated that the project is not expected to receive approval by Harris County officials. She reported on efforts to decrease vehicle speed on the roadway.

DEVELOPMENT AND MAINTENANCE OF PARKS AND TRAILS

Director Normand reported on matters related to the development and maintenance of park facilities and trails in Cypress Forest Park, including three reported incidents of park use after hours, repair of the irrigation sprinkler system, efforts to protect trees from beaver damage, and a scheduled Trash Bash event. He reported that the Raveneaux Country Club engaged a consulting engineer to work closely with the Harris County Flood Control District to determine methods for reinstating proper drainage on the leased property.

The Board discussed the Association of Water Board Parks Committee meeting scheduled for March 4, 2016.

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

The Board discussed the status of the proposed development project for the Raveneaux Country Club tract and tree maintenance matters for the leased property.

ENGINEERING ACTION ITEMS

Mr. Joubran noted that, as requested by Director DiCioccio, a draft chart listing short-term and long-term components of the District's Capital Improvement Plan expenditures is attached to the engineer's report and will be attached to future engineer's reports.

CONTRACT FOR CONVEYANCE OF WASTEWATER

The Board discussed preparation of a contract by the attorney for Harris County Fresh Water Supply District No. 52 ("No. 52") for the proposed permanent transport of sewage flow through the District's sanitary sewer trunk lines and force main located along Champion Forest Drive and Cypresswood Drive to the Kleinwood Regional Wastewater Treatment Plant (the "KRWT"). Mr. Pagan stated that he has not been contacted by No. 52's attorney regarding the proposed contract. Discussion ensued regarding the proposed schedule for the project.

AGREEMENT FOR RECLAIMED WATER SERVICE AND RECLAIMED WATER SUPPLY AGREEMENT

The Board discussed matters related to a proposed effluent reuse treatment facility to be located in the vicinity of the KRWTP, including a proposed Agreement for Reclaimed Water Service with the Raveneaux Country Club and a proposed Reclaimed

Water Supply Agreement with the Kleinwood Joint Powers Board. Discussion ensued regarding the status of negotiations between the proposed participants in the project, including the Champions Golf Club. Director DiCioccio reported that the attorney for the KRWTP is coordinating with the District's financial advisor on the preparation of cost models for the project. Discussion ensued regarding the delayed schedule for the proposed project.

ADDITIONAL DISTRICT FACILITY OPERATIONS ACTION ITEMS

There were no additional District facility operations action items.

ADOPT AMENDED RATE ORDER

The Board discussed the North Harris County Regional Water Authority's (the "NHCRWA") adoption of an Amended Rate Order containing a \$0.40 increase in fees charged to the District in the amounts of \$2.40/1,000 gallons of groundwater pumped and \$2.85/1,000 gallons of surface water received, effective April 1, 2016. Following review and discussion, Director Normand moved to adopt an Amended Rate Order to increase the water rates for the District's public irrigation users in the amount of \$0.20/1,000 gallons of water delivered and the District's remaining users in the amount of \$0.40/1,000 gallons of water delivered, effective April 1, 2016. Director Parker seconded the motion, which was approved by unanimous vote.

CONDUCT HEARING ON TERMINATION OF WATER SERVICE

In response to Board members' inquiries, Mr. Phelps explained matters related to Compass Bank's improper posting of credit card payments made by the District's residents for utility bills and stated that EDP is transitioning to an improved utility bill payment service provider.

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. Following review and discussion, Director Petrick 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 Parker seconded the motion, which was approved by unanimous vote.

ANNUAL REPORT ON IMPLEMENTATION OF WATER CONSERVATION PLAN

The Board concurred to defer this item.

AUTHORIZE OPERATOR TO PREPARE 2015 WATER LOSS AUDIT

The Board reviewed correspondence from the Texas Water Development Board regarding requirements for preparing a 2015 water loss audit for the District. A copy of

the correspondence is attached. Following review and discussion, Director Normand moved to authorize the District's operator to prepare the required 2015 water loss audit. Director Petrick seconded the motion, which was approved by unanimous vote.

ANNUAL REVIEW OF DROUGHT CONTINGENCY PLAN

The Board conducted an annual review of the District's Drought Contingency Plan and concurred that no changes were necessary.

NHCRWA MATTERS

Director DiCioccio reported that he will attend the March, 2016 monthly meeting of the NHCRWA and update the Board on NHCRWA matters.

KRWTP

Director DiCioccio discussed the operations and maintenance of the KRWTP, including the schedule for a rehabilitation project for clarifier no. 1. He reported that an annual tour of the plant is scheduled in April, 2016.

ADDITIONAL TAX ASSESSMENT AND COLLECTION ACTIONS

Ms. Flores reviewed a list of nine uncollectible personal property tax accounts for tax year 2005 in the total amount of \$604.14 and a list of eight uncollectible rendition penalties for personal property tax accounts for tax year 2005 in the total amount of \$43.92 for write-off and removal from the District's delinquent tax roll as required by the State of Texas' Property Tax Code. Copies of the lists are attached. Following review and discussion, Director Petrick moved to remove the uncollectible personal property accounts and rendition accounts for tax year 2005 from the District's delinquent tax roll as required. Director Parker seconded the motion, which was approved by unanimous vote.

PUBLIC COMMUNICATIONS

The Board discussed articles for publication in the Champion Forest Women's Club Newsletter.

2016 DIRECTORS ELECTION

Mr. Pagan discussed procedures related to the District's 2016 Directors Election. The Board reviewed a Certificate Declaring Unopposed Status of Candidates for Election to the Board of Directors executed by the Board Secretary stating that the District received one candidate application for each of the three director positions for the May 7, 2016, Directors Election. Following review and discussion, Director Parker moved to accept the Certificate Declaring Unopposed Status of Candidates for Election to the Board of Directors and direct that the Certificate be filed appropriately and retained in the District's official records. Director Petrick seconded the motion, which

passed unanimously.

The Board reviewed an Order Cancelling Election and Declaring Unopposed Candidates Elected to Office stating that the May 7, 2016, Directors Election is cancelled and that the unopposed candidates, Greg DiCioccio, Thomas J. Petrick, and James B. Fryfogle are declared elected to office to serve from the May 7, 2016, election until the May 2, 2020, Directors Election. Following review and discussion, Director Parker moved to adopt the Order Cancelling Election and Declaring Unopposed Candidates Elected to Office and direct that the Order be posted and filed appropriately and retained in the District's official records. The motion was seconded by Director Petrick and passed unanimously.

MEETING SCHEDULE AND AGENDA

The Board discussed its meeting schedule and items for inclusion on the meeting agenda and concurred to hold its April 5, 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 MARCH 1, 2016, BOARD MEETING]



Secretary, Board of Directors



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