

MINUTES
CYPRESS FOREST PUBLIC UTILITY DISTRICT

May 3, 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 3rd day of May, 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, Ron Buchert, and David Zorin, residents of the District; Barb Smith of the Champion Forest Maintenance Fund (the "CF HOA") and resident of the District; Kim Shelnutt of Myrtle Cruz, Inc.; Nabil Joubran of Pepe Engineering, Ltd. ("Pepe Engineering"); 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 ("ABHR").

Director DiCioccio called the meeting to order.

PUBLIC COMMENTS

Director DiCioccio opened the meeting to receive public comments. Ms. Smith addressed the Board and reported on telephone calls she received from District residents regarding drainage concerns during the recent area high water event. In response to Ms. Smith's inquiry regarding a resident who had previously contacted her regarding a high water bill, Mr. Phelps reported that, as included in his operator's report, a the resident had a broken sprinkler head and the water usage on the account was not unusual.

Ms. Kanayan addressed the Board and read a statement thanking the Board members that served from 2006 to 2010 for preventing additional flooding in the area by maintaining the Cypress Forest Park. A copy of her statement is attached.

Mr. Buchert addressed the Board to comment on the impact that the proposed construction of a two-story building and parking lot at 8921 Louetta Road will have on drainage in the area due to insufficient detention facilities. The Board reported on North Harris County Regional Water Authority ("NHCRWA") matters, including NHCRWA's scheduled rate increase, in response to Mr. Buchert's inquiry and as part of the NHCRWA agenda item.

There being no additional public comments, Director DiCioccio closed the meeting to public comments. Copies of the submitted Public Comment Cards are attached.

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 April 5, 2016, meeting of the Board were previously distributed. Upon a motion made by Director Parker and seconded by Director Petrick, 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.

NOTICE OF RECYCLE RATE ADJUSTMENT FROM WCA WASTE CORPORATION OF TEXAS ("WCA")

The Board reviewed correspondence from WCA requesting an adjustment to the recycling rate included in the District's Residential Solid Waste Collection Contract from \$3.94 to \$5.83, effective May 1, 2016. A copy of the correspondence is attached. Following discussion, the Board concurred to deny the requested adjustment and asked that a representative from WCA attend the June 7, 2016, Board meeting to provide additional information regarding the request.

TRAVEL REIMBURSEMENT GUIDELINES

The Board discussed the District's guidelines for reimbursement of eligible expenses for the Association of Water Board Directors ("AWBD") conferences. Following review and discussion, Director Normand moved to approve payment of three per diems for the AWBD summer conference. Director Petrick seconded the motion, which was approved by unanimous vote.

ADDITIONAL FINANCIAL AND BOOKKEEPING ACTION ITEMS

Ms. Shelnutt presented and reviewed with the Board one additional check for payment of an invoice for meeting expenses. Following review and discussion, Director Parker moved to authorize execution of the additional check as presented. Director Petrick seconded the motion, which was approved by unanimous vote.

RENEWAL OF DISTRICT'S INSURANCE POLICIES

Mr. Pagan reviewed with the Board the Limitation of Liabilities section of the Compensation Agreement with Arthur J. Gallagher & Co. included in the renewal proposal for the District's insurance policies approved during the April 5, 2016, Board meeting. Following review and discussion, Director Parker moved to approve the renewal proposal for the District's insurance policies from Arthur J. Gallagher & Co. in the amount of \$16,524.00. Director Normand seconded the motion, which was approved by unanimous vote.

HOMEOWNERS ASSOCIATION MATTERS

Director DiCioccio reported on items discussed during the CF HOA's monthly Board of Directors meeting. Ms. Smith reported on CF HOA matters, including evaluation of its landscape maintenance contract with Bella Terra Care, Inc. She discussed repairs needed for the esplanades, including curbs, sprinkler heads, and backflow valves, due to parked automobiles on the esplanades during the recent high water event. The Board discussed the valuable services provided by Bella Terra Care, Inc. for the District and the community.

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. He stated that the park was under water for 72 hours during the recent high water event which necessitated re-staking of trees on an emergency basis. He reported that removal of sediment deposits from the trail and debris from the park caused by the high water event has been scheduled. He additionally reported on repair of the irrigation sprinkler system and stated that he continues to research options for preventing automobile access to the park for Board review.

ADDITIONAL TAX ASSESSMENT AND COLLECTION ACTIONS

There were no additional tax assessment or collection action items.

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. Director Parker reported on his discussions with the General Manager of the Raveneaux Country Club tract regarding tree and trash maintenance matters for the leased property. Discussion ensued regarding the amount of damage caused by the recent high water event. Additional discussion ensued regarding coordination between the Raveneaux Country Club's consulting engineer and the Harris County Flood Control District to determine methods for reinstating proper drainage on the leased property and related United States Army Corps of Engineers permitting matters.

ENGINEERING ACTION ITEMS

Mr. Joubran responded to Board members' questions regarding a meeting held with representatives of the Sterling Gate Estates, Section 1 Homeowners' Association regarding flooding concerns and options to mitigate risks of future flooding.

CONTRACT FOR CONVEYANCE OF WASTEWATER

The Board reviewed and discussed a draft Wastewater Transmission Agreement with Harris County Fresh Water Supply District 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 "KRWTP"). Following review and discussion, the Board requested that Pepe Engineering review and determine the values of the blank data included in the proposed agreement and that ABHR review and provide comments on the proposed agreement for Board review.

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 and Harris County Fresh Water Supply District No. 52. The Board discussed draft cost and financing models for the project prepared by the District's financial advisor, matters related to requirements for issuing tax exempt bonds, and the KRWTP's proposed effluent water rate. Following review and discussion, the Board concurred to continue to move forward with the proposed project as discussed.

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. 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 Normand seconded the motion, which was approved by unanimous vote.

CONSUMER CONFIDENCE REPORT

The Board concurred to table this item.

EMERGENCY PREPAREDNESS

Mr. Phelps discussed emergency operations for the District. He reported on a Generator Rental Agreement with Neil Technical Services, Inc. ("NTS") for rental of a trailer mounted generator in the amount of \$500.00 per month and an additional "Hurricane Rate" of \$1,000.00 per week upon acceptance of the delivery of a generator, for the period June 1, 2016, through November 30, 2016. Following review and discussion, Director Normand moved to authorize EDP to enter into the Generator Rental Agreement with NTS. Director Petrick seconded the motion, which was approved by unanimous vote.

ANNUAL FILING OF CRITICAL LOAD SPREADSHEET

Mr. Pagan reported that the District is required to annually review and file an updated Critical Load Spreadsheet ("CLS"), which lists the facilities operated by the District that receive electricity. He stated that the District's bookkeeper, operator, and engineer have reviewed the CLS and provided necessary updates. Mr. Pagan said the District's CLS will be filed with the required county and state entities, as well as the District's retail electricity provider and CenterPoint Energy for emergency purposes. Following review and discussion, Director Parker moved to authorize the annual filing of the CLS with the appropriate entities as required. Director Normand seconded the motion, which was approved by unanimous vote.

NHCRWA

Director DiCioccio reported on the monthly meeting of the NHCRWA, including capital projects and anticipated annual water fee increases.

KRWTP MATTERS

Director DiCioccio discussed the operations and maintenance of the KRWTP. He reported that the plant did not flood during the recent high water event. He stated that reporting violations for the plant are anticipated because there was no access to the plant during the event. He reported that an annual tour of the plant will be rescheduled.

PUBLIC COMMUNICATIONS

The Board discussed articles for publication in the Champion Forest Women's Club Newsletter. Ms. Smith thanked Mr. Phelps for the recent article published in the newsletter.

MEETING SCHEDULE AND AGENDA

The Board discussed its meeting schedule and items for inclusion on the meeting agenda and concurred to hold its June 7, 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 MAY 3, 2016, BOARD MEETING]


Asst. Secretary, Board of Directors



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