

MINUTES  
CYPRESS FOREST PUBLIC UTILITY DISTRICT

September 6, 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 6th day of September, 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
Thomas J. Petrick	Vice President
David Normand	Secretary
John N. Parker	Assistant Secretary
James B. Fryfogle	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, resident of the District; Barb Smith of the Champion Forest Maintenance Fund (the "CF HOA") and resident of the District; Kim Shelnett 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.; John Howell, Jr. and Corey Howell of The GMS Group LLC; Les Griffith of Champions Hydro-Lawn, Inc. ("CHL"); 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. 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

Upon a motion made by Director Petrick and seconded by Director Parker, the Board voted unanimously to approve the items included on the Consent Agenda, including the minutes of the meeting held August 2, 2016. Copies of the bookkeeper's

report, tax assessor/collector's report, engineer's report, and operator's report are attached.

#### WATER WISE AGREEMENT

The Board reviewed an Interlocal Agreement with the Harris-Galveston Subsidence District for sponsorship of students' participation in the Water Wise Program at Brill Elementary School. Following review and discussion, Director Parker moved to authorize execution of the agreement and direct that the agreement be filed appropriately and maintained in the District's official records. Director Petrick seconded the motion, which was approved by unanimous vote.

#### ADDITIONAL TAX ASSESSMENT AND COLLECTION ACTIONS, INCLUDING PAYMENT CREDIT CARD INDUSTRY DATA SECURITY STANDARD SELF-ASSESSMENT QUESTIONNAIRE AND ATTESTATION OF COMPLIANCE

Ms. Flores presented and reviewed a "Payment Credit Card Industry Data Security Standard Self-Assessment Questionnaire and Attestation of Compliance." She reminded the Board that the annual questionnaire is required due to the District's acceptance of credit card payments for taxes. She explained that Tax Tech, Inc. is responsible for the District's compliance with required security standards and reported that the District is in compliance with all applicable standards. After discussion, Director Petrick moved to authorize execution of the questionnaire on the District's behalf, based on Ms. Flores' representations of the District's compliance. Director Parker seconded the motion, which carried unanimously.

#### ANNUAL REVIEW OF INVESTMENT POLICY

The Board conducted an annual review of the District's Investment Policy. Mr. Pagan reported that there were no recommended changes to the policy. Following review and discussion, Director Petrick moved to adopt a Resolution Regarding Annual Review of Investment Policy. Director Parker seconded the motion, which was approved by unanimous vote.

#### DEPOSITORY INSTITUTIONS AND QUALIFIED BROKER/DEALERS

The Board reviewed the District's list of authorized depository institutions and qualified broker/dealers updated by the District's bookkeeper. Following review and discussion, Director Normand moved to adopt a Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with whom the District May Engage in Investment Transactions. Director Petrick seconded the motion, which was approved by unanimous vote.

## HOMEOWNERS ASSOCIATION MATTERS

Ms. Smith reported on CF HOA matters and discussed removal of vegetation along the brick wall located across the street from the Cypress Forest Public Utility District Administrative Building. She requested the District's participation in the CF HOA's National Night Out Event scheduled October 4, 2016. Following discussion, Director Normand moved to authorize payment for the District's participation in the CF HOA's National Night Out Event in the amount of \$1,000.00. Director Petrick seconded the motion, which was approved by unanimous vote.

## REQUESTS TO PURCHASE AVAILABLE EXCESS CAPACITY

Director Petrick reported that the Kleinwood Joint Powers Board is coordinating with Harris County Water Control Improvement District No. 116 and Heatherloch Municipal Utility District on their requests to purchase available excess capacity in the Kleinwood Regional Wastewater Treatment Plant (the "KRWTP"). He stated that the Board will be kept updated on developments regarding the matter.

## CONTRACT FOR CONVEYANCE OF WASTEWATER

Mr. Pagan reviewed a proposed 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 KRWTP. Discussion ensued regarding the schedule for construction of the facilities included in the agreement. Following review and discussion, Director Petrick moved to authorize execution of the agreement, subject to adding the provision regarding the construction schedule for the facilities as discussed. Director Normand seconded the motion, which was approved by unanimous vote.

## AGREEMENT FOR RECLAIMED WATER SERVICE AND RECLAIMED WATER SUPPLY AGREEMENT

The Board discussed the anticipated schedule for the construction of a proposed effluent reuse treatment facility in the vicinity of the KRWTP and the District's proposed effluent reuse distribution system. Director Petrick reported on meetings and discussions related to the status of negotiations between the proposed participants, including representatives of the Kleinwood Joint Powers Board. Discussion ensued regarding 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. The Board discussed right-of-way matters, estimated costs and proposed financing for the project, anticipated effluent water rates, and application of the North Harris County Regional Water Authority's (the "NHCRWA") credit program.

## ADDITIONAL FINANCIAL AND BOOKKEEPING ACTION ITEMS

Ms. Shelnutt presented and reviewed with the Board three additional checks for payment of invoices for the District's participation in the CF HOA's National Night Out Event, and meeting and District Administrative Building expenses. Following review and discussion, Director Normand moved to authorize execution of the additional checks as presented. Director Parker seconded the motion, which was approved by unanimous vote.

Director Petrick discussed attending the Association of Water Board Directors Parks Committee Meeting on Friday, September 9, 2016. Following review and discussion, Director Normand moved to authorize Director Petrick's attendance at the meeting. Director Parker seconded the motion, which was approved by unanimous vote.

## BUDGET FOR FISCAL YEAR END SEPTEMBER 30, 2017

Ms. Shelnutt reviewed a draft budget for fiscal year end September 30, 2017, a copy of which is attached. Discussion ensued regarding revisions to line items. Following discussion, the Board concurred to table discussion regarding the budget, pending discussion of the District's tax rate.

## 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 the scheduled delivery of trees donated by Trees for Houston in November, 2016. He stated that the planting and installation of bubbler irrigation for the trees is anticipated to cost the same amount as the previous year.

Director Normand reported that Summit Landscaping Services, Inc. ("Summit") is no longer in business and discussed his efforts to obtain proposals from CHL and Bella Terra Care, Inc. to replace Summit for on-call park irrigation system repair services performed by a licensed irrigator for the Board's consideration.

Director Normand discussed the recent removal of sediment from the trail and debris from the park deposited by the high water event. He recommended that CHL perform emergency repairs of damaged drainage pipes located under a bridge along the trail in the approximate amount of \$15,000.00. Mr. Joubran stated that the emergency project will be added to the District's application to the Federal Emergency Management Agency ("FEMA") for reimbursement of the cost of repairs required due to the recent high water events. Following discussion, Director Normand moved to authorize CHL to perform emergency repairs of damaged drainage pipes located under a bridge along the trail in an amount not to exceed \$15,000.00. Director Petrick seconded the motion, which was approved by unanimous vote.

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

There was no update on the status of the proposed development project for the Raveneaux Country Club tract. The Board requested that Director Parker notify club representatives that the east back acreage needs to be mowed every month.

ADDITIONAL ENGINEERING ACTION ITEMS

Mr. Joubran reviewed action items from the engineer's report. He reported on the status of Pepe Engineering's review and analysis of televised inspections of sanitary sewer trunk lines within Champion Forest, Sections One and Two, and discussed anticipated repairs and rehabilitation. He requested authorization to perform field surveying of Section One as needed to refine recommended options and plans for installing or replacing sanitary collection lines to serve the two commercial tracts on either side of Champion Drive on the south side of Louetta in an amount not to exceed \$8,500.00. He requested approval of invoice no. 20160903 in the amount of \$8,543.50 for Change Order No. 1 for an additional scope of services related to the televised inspections as approved by the Board during the August 2, 2016, meeting.

Mr. Joubran recommended approval of revised plans for a new office building to be constructed at 8921 Louetta Road.

Mr. Joubran updated the Board on information submitted to FEMA related to the District's application for reimbursement of the cost of permitting and repairing the storm sewer outfall pipe into the District's drainage channel at the extension of Champion Drive at Cypresswood, the resulting sinkhole and erosion around the failed pipe, and additional failures in Cypress Forest Park and along the District's drainage channel caused by the recent high water events. He discussed continued coordination with FEMA on the application and requested authorization to proceed with field surveying of existing drainage infrastructure to provide detailed plans to FEMA per request in an amount not to exceed \$12,500.00.

Following review and discussion, Director Normand moved to authorize: (i) field surveying of Section One as needed to refine recommended options and plans for installing or replacing sanitary collection lines in an amount not to exceed \$8,500.00; (ii) payment of invoice no. 20160903 for Change Order No. 1 for an additional scope of services related to the televised inspections of the sanitary sewer trunk lines in Sections One and Two in the amount of \$8,543.50; (iii) approval of revised plans for a new office building to be constructed at 8921 Louetta Road; and (iv) field surveying of existing drainage infrastructure to provide detailed plans to FEMA per request in an amount not to exceed \$12,500.00. Director Petrick seconded the motion, which was approved by unanimous vote.

## ADDITIONAL DISTRICT FACILITY OPERATIONS ACTION ITEMS

Mr. Phelps requested authorization to prepare a water bill adjustment policy for the District. Discussion ensued regarding the proposed policy and recent inquiries from customers regarding the accuracy of meter readings. Following discussion, the Board concurred to consider a water bill adjustment policy during its October 4, 2016, meeting. The Board requested that Mr. Phelps distribute a draft policy for review prior to the meeting.

## CONDUCT HEARING ON TERMINATION OF WATER SERVICE

The Board conducted a hearing on the termination of water service. Mr. Phelps presented a list of delinquent customers and reported the residents on the termination list were delinquent in payment of their water and sewer bills and were given written notification, in accordance with the District's Rate Order, prior to the meeting of the opportunity to appear before the Board of Directors to explain, contest, or correct their bills and to show why utility services should not be terminated for reason of non-payment. Following review and discussion, Director Normand moved to authorize termination of delinquent accounts in accordance with the District's Rate Order and direct that the delinquent customer list be filed appropriately and retained in the District's official records. The motion was seconded by Director Parker and passed by unanimous vote.

## NHCRWA MATTERS

Mr. Joubran noted that the NHCRWA's monthly meeting was rescheduled to September 12, 016, due to the Labor Day holiday.

## KRWTP MATTERS

There was no additional discussion on this item.

## PUBLIC COMMUNICATIONS

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

## MEETING SCHEDULE AND AGENDA

The Board discussed its meeting schedule and items for inclusion on the next meeting agenda and concurred to hold its October 4, 2016, meeting at 4:00 p.m. to allow for the District's participation in the CF HOA's National Night Out Event.

## RENEWAL OF PROMISSORY NOTE

Mr. Howell reviewed with the Board two refinancing options provided by the Bank of Texas for the District's Promissory Note with the bank scheduled to mature December 1, 2016: (i) a three-year term with a three-year amortization schedule; or (ii) a three-year term with a ten-year amortization schedule. He reviewed the cash flows and expenses for each option and discussed the District's anticipated capital expenditures. Following review and discussion, Director Petrick moved to authorize Mr. Howell and Mr. Pagan to proceed with preparation of documents for refinancing the District's Promissory Note with the Bank of Texas for a three-year term with a ten-year amortization schedule. Director Normand seconded the motion, which was approved by unanimous vote.

## 2016 TAX RATE

Mr. Howell reviewed a tax rate analysis and discussed the District's debt service fund reserve and cash flow. A copy of the analysis is attached. He recommended that the Board levy a total tax rate of \$0.28 per \$100 of assessed valuation. Discussion ensued regarding the District's budget. After review and discussion, Director Parker moved to set a public hearing date to adopt a proposed total tax rate of \$0.28 per \$100 assessed valuation, with \$0.03 allocated to debt service and \$0.250 allocated to maintenance and operations, at 4:00 p.m. on October 7, 2016, and authorize Tax Tech, Inc., to publish the required notice of the hearing in a qualified local newspaper. Director Petrick seconded the motion, which passed by unanimous vote.

## BUDGET FOR FISCAL YEAR END SEPTEMBER 30, 2017 (CONTINUED)

The Board continued discussion regarding the District's draft budget for fiscal year end September 30, 2017. Discussion ensued regarding revisions to line items, including the maintenance tax and promissory note items. Following discussion, Director Parker moved to adopt the budget for fiscal year end September 30, 2017, as revised. Director Petrick seconded the motion, which was approved by unanimous vote.

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

[SIGNATURE PAGE FOR THE MINUTES OF THE SEPTEMBER 6, 2016, BOARD MEETING]

A handwritten signature in cursive script, appearing to read "Donald H. ...", written in black ink.

Secretary, Board of Directors





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