

MINUTES
CYPRESS FOREST PUBLIC UTILITY DISTRICT

August 2, 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 2nd day of August, 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; Sasha Aguilar of WCA Waste Management ("WCA"); 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., of The GMS Group LLC; Les Griffith of Champions Hydro-Lawn, Inc.; and Greer Pagan and Jennifer Ramirez 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.

AUTHORIZE EXECUTION AND FILING OF DISTRICT REGISTRATION FORM

The Board reviewed an updated District Registration Form reflecting Tax Tech, Inc.'s new office address for filing with the Texas Commission on Environmental Quality. After review and discussion, Director Normand moved to authorize execution of the updated District Registration Form and direct that the form be filed appropriately and retained in the District's official records. Director Petrick seconded the motion, which passed unanimously.

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 meetings held June 7, 2016, June 14, 2016, and July 5, 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 concurred to table this item.

ADDITIONAL FINANCIAL AND BOOKKEEPING ACTION ITEMS

Ms. Shelnut presented and reviewed with the Board two additional checks for payment of two invoices for meeting expenses. Following review and discussion, Director Petrick moved to authorize execution of the additional checks as presented. Director Fryfogle seconded the motion, which was approved by unanimous vote.

BUDGET FOR FISCAL YEAR END SEPTEMBER 30, 2017

The Board discussed preparation of the District's budget for fiscal year end September 30, 2017, a copy of which is attached. Following discussion, Ms. Shelnut stated she will update the draft budget to reflect the proposed changes and present a revised budget at the next Board meeting.

NOTICE OF RECYCLE RATE ADJUSTMENT FROM WCA WASTE MANAGEMENT

The Board discussed previously 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. Discussion ensued regarding the number of households participating in recycling and the impact of the increase on the District's budget. After review and discussion, Director Parker moved to reject the proposed amendment to the WCA Service Agreement. Director Normand seconded the motion, which passed unanimously.

AUDITOR ENGAGEMENT

The Board reviewed an engagement letter for auditing services in the amount of \$10,600.00 for the District fiscal year ending September 30, 2016. Following review and discussion, Director Petrick moved to authorize execution of the engagement letter. Director Parker seconded the motion, which was approved by unanimous vote.

ADDITIONAL TAX ASSESSMENT AND COLLECTION ACTIONS

Ms. Flores informed the Board of Tax Tech, Inc.'s new address.

HOMEOWNERS ASSOCIATION MATTERS

Ms. Smith reported on CF HOA matters. 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. Ms. Smith reported that approximately one half mile of brick wall running between Cypresswood Drive and Champion Forest Drive, behind the Kroger Supermarket, requires repair and debris removal, and the CF HOA is currently soliciting bids for the work. She stated that due to the large amount of unanticipated repair expenses, the CF HOA is requesting the Board allot an additional \$10,000.00 dollars in next year's budget to assist with irrigation costs. After review and discussion, the Board concurred to move \$10,000.00 currently allotted for a radar sign into the irrigation expenses line item.

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 irrigation and maintenance schedules, ongoing sprinkler repairs, and removal of storm debris. He reported that two control stations were damaged in the recent high water event, and two controllers were replaced.

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

Director Parker reported on the status of the proposed development project for the Raveneaux Country Club tract.

ADDITIONAL ENGINEERING ACTION ITEMS

Mr. Joubran reviewed items from the engineer's report. He reported on the status of the review and analysis of televised inspections of sanitary sewer trunk lines within Champion Forest, Sections One and Two, including further clarification of Change Order No. 1.

Mr. Joubran updated the Board on the preparation of an application requesting reimbursement for the cost of the repairs from the Federal Emergency Management Agency ("FEMA") for permitting and repair of the pipe failure, the resulting sinkhole, the channel erosion around the failed pipe, and additional failures in Cypress Forest Park and along the District's drainage channel. The Board discussed other repairs that might be eligible for FEMA assistance as well.

The Board tabled discussion of the proposed annexation of a 13-acre tract located on Louetta Road, west of the drainage channel, into the District.

REQUEST TO PURCHASE AVAILABLE EXCESS CAPACITY

The Board discussed correspondence from Harris County Water Control Improvement District No. 116 and Heatherloch Municipal Utility District requesting a Term Sheet for purchase of available excess capacity in the Kleinwood Regional Wastewater Treatment Plant (the "KRWTP"). Mr. Joubran stated he will prepare an estimate of available excess capacity incorporating current utility commitments for the Board to review at the next Board meeting.

CONTRACT FOR CONVEYANCE OF WASTEWATER

Mr. Pagan reported on the status of the 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.

RENEWAL OF PROMISSORY NOTE

The Board considered refinancing the District's Promissory Note with Bank of Texas scheduled to mature December 1, 2016. Mr. Howell presented the Board with a 2016 Combined Funds Cash Flow Analysis, a copy of which is attached, and discussed the District's long-term debt financing requirements and budget. Mr. Howell stated he will revise the analysis once he receives updated budget numbers and the Certificate of Certified Value for the District.

AGREEMENT FOR RECLAIMED WATER SERVICE AND RECLAIMED WATER SUPPLY AGREEMENT

Mr. Petrick reviewed a proposal for a KRWTP effluent reuse project, a copy of which is attached. Discussion ensued regarding the proposal, 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. The Board discussed 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 discussion ensued regarding the status of negotiations between the proposed participants in the project.

ADDITIONAL DISTRICT FACILITY OPERATIONS ACTION ITEMS

Mr. Phelps reported on correspondence received from residents of the District, copies of which are attached to the operator's report. He stated the resident located at 9403 Appin Falls requested an adjustment to his water bill based on a high meter reading. After review and discussion, Director Normand moved to authorize EDP to offer the resident a payment plan. The motion was seconded by Director Petrick and passed by unanimous vote.

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 Petrick and passed by unanimous vote.

NHCRWA

There was no additional discussion on this item.

KRWTP MATTERS

There was no additional discussion on this item.

PUBLIC COMMUNICATIONS

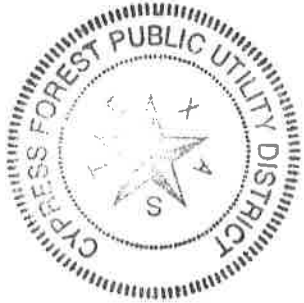
The Board discussed articles for publication in the Champion Forest Women's Club Newsletter and updates to the District's website.

MEETING SCHEDULE AND AGENDA

The Board discussed its meeting schedule and items for inclusion on the meeting agenda and concurred to hold its September 6, 2016, meeting at 5:00 p.m. at the District's Administrative Building.

There being no other matters to come before the Board, Director Parker motioned to adjourn the meeting. Director Normand seconded the motion, which passed unanimously.

[SIGNATURE PAGE FOR THE MINUTES OF THE AUGUST 2, 2016, BOARD MEETING]




Secretary, Board of Directors

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