

MINUTES

CYPRESS FOREST PUBLIC UTILITY DISTRICT

June 7, 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 7th day of June, 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
James B. Fryfogle	Director
Thomas J. Petrick	Secretary
David Normand	Assistant Secretary
John N. Parker	Assistant Vice President

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

Also present for all or part of the meeting were Alice Kanayan, Mary Jo Martin, David Martin, and Mike Danehy, residents of the District; Jim Addis, President of the Stonegate Homeowners Association and 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; 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. Martin and Mr. Danehy addressed the Board regarding flooding experienced in their homes and other homes in the area during the April 18, May 20, and May 27, 2016, high water events caused by what they believed to be poor drainage in the District. They requested that the Board inspect the storm water drains in the District and perform any other actions that would prevent future flooding of homes within the District. There being no additional public comments, Director DiCioccio closed the meeting to public comments. A copy of Mary Jo Martin and David Martin's Public Comment Card is attached.

ADDITIONAL ENGINEERING ACTION ITEMS

Mr. Pagan noted that the storm sewers within the District are owned by Harris County. Mr. Joubran discussed possible coordination between the District and the office of Harris County Commissioner Precinct 4 on drainage matters within the District. Additional discussion ensued regarding various District residents' communications with the Commissioner's office.

2016 DIRECTORS ELECTION

The Board considered approving a Certificate of Election reflecting the election of Greg DiCioccio, Thomas J. Petrick, and James B. Fryfogle to the Board of Directors of the District, each for a four-year term. After review and discussion, Director Parker moved to approve the Certificate of Election and direct that the certificate be distributed appropriately and retained in the District's official records. Director DiCioccio seconded the motion, which passed by unanimous vote.

The Board reviewed the Sworn Statements, Bond, and Oaths of Office, as appropriate, for Directors DiCioccio, Petrick, and Fryfolge. After review and discussion, Director Parker moved to approve the Sworn Statements, Bond, and Oaths of Office and direct that the documents be filed appropriately and retained in the District's official records. Director DiCioccio seconded the motion, which passed by unanimous vote.

REORGANIZE THE BOARD AND ELECT OFFICERS

The Board concurred to table this item.

AUTHORIZE EXECUTION AND FILING OF DISTRICT REGISTRATION FORM

The Board reviewed an updated District Registration Form reflecting the new terms of office for the elected Directors for filing with the Texas Commission on Environmental Quality ("TCEQ"). After review and discussion, Director Parker 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 DiCioccio seconded the motion, which passed unanimously.

OPEN MEETINGS ACT TRAINING REQUIREMENTS

Mr. Pagan reported that each elected or appointed public official is required to complete a course of training of not less than one and not more than two hours regarding the responsibilities of the governmental body and its members under the Texas Open Meetings Act, Chapter 551, Government Code. He noted that newly elected or appointed directors must complete the requisite training within 90 days of

taking the oath of office. He stated that the Texas Attorney General provides the requisite training on its web site or by a DVD at no charge.

CONFLICT OF INTEREST DISCLOSURE

Mr. Pagan presented and reviewed with the Board a Memorandum from ABHR regarding conflict of interest disclosure required under Chapter 176 of the Texas Local Government Code and disclosure forms adopted by the Texas Ethics Commission, a copy of which is attached. The Board additionally reviewed a List of Local Government Officers that the District is required to maintain pursuant to Chapter 176 of the Texas Local Government Code. After review and discussion, Director Parker moved to approve and authorize execution of the List of Local Government Officers and direct that the list be filed appropriately and retained in the District's official records. Director DiCioccio seconded the motion, which passed by unanimous vote.

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 May 3, 2016, meeting of the Board were previously distributed. Upon a motion made by Director Normand and seconded by Director Parker, 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

Ms. Aguilar addressed the Board to explain 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. She distributed a news article regarding the increased cost of recycling included in the City of Houston's proposed recycling contract with Waste Management and stated that all of the haulers of recyclables contract with Waste Management. A copy of the news article is attached. She stated that WCA has been losing a lot of money on recycling for the past two years and cannot continue to do so. She stated that WCA will not ask for another increase in the rate for recycling over the next four years. Discussion ensued regarding WCA's discontinued collection of glass for recycling and recycling collection frequency options. Ms. Aguilar stated that 1,287 households participated in recycling

during the District's June 3, 2016, collection. Following discussion, the Board concurred to table the item.

ADDITIONAL FINANCIAL AND BOOKKEEPING ACTION ITEMS

Ms. Shelnut 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 Fryfogle seconded the motion, which was approved by unanimous vote.

ADDITIONAL TAX ASSESSMENT AND COLLECTION ACTIONS

Ms. Flores reviewed the District's preliminary assessed value and discussed delinquent tax accounts. Following review and discussion, Director Parker moved to authorize the District's delinquent tax attorney to proceed with collection of delinquent taxes. Director Fryfogle seconded the motion, which was approved by unanimous vote.

HOMEOWNERS ASSOCIATION MATTERS

Ms. Smith reported on CF HOA matters, including renewal of its landscape maintenance contract with Bella Terra Care, Inc. and removal of debris deposited in the area during the recent high water event.

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 will be mowed once the turf is dry enough to do so without damaging it. He reported that removal of sediment from the trail and debris from the park deposited by the high water event has been scheduled. He recommended that Champions Hydro-Lawn, Inc. perform emergency repairs of trail damage caused by the recent high water event and discussion ensued.

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. Discussion ensued regarding the efforts of the club's management to address damage to the tract caused by the recent high water event.

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 Kleinwood Regional Wastewater Treatment

Plant (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 ("No. 52"). The Board discussed draft cost and financing models for the project prepared by the District's financial advisor, the proposed schedule for the project, anticipated effluent water rates, and application of the North Harris County Regional Water Authority's (the "NHCRWA") credit program. Following review and discussion, the Board concurred to recommend that the Kleinwood Joint Powers Board move forward with the proposed project as discussed.

REQUEST FOR WATER LINE TO SERVE COMMERCIAL TRACT

Mr. Joubran reviewed with the Board a request from District & Urban (Texas) Inc. ("D&U") for extending a water line along Louetta Road and west of Champion Drive to provide service for an eight-acre tract in the District for a proposed retail center and medical professional building. Following discussion, the Board authorized Pepe Engineering to provide a proposal for design of the water line extension to D&U and ABHR to prepare a Development Reimbursement Agreement for Board review.

ENGINEERING ACTION ITEMS

Mr. Joubran clarified the scope of work for action items included in the engineer's report, including review and analysis of televised inspections of sanitary sewer trunk lines, preparation of a proposal for a feasibility study for the design of an internal reclaimed water system, provision of a "no objection" response to the Harris County Flood Control District's (the "HCFCD") 80% plans for repairs to the storm and sanitary outfalls through the detention ponds in Champion Forest, Section 11, and submission of a request to the HCFCD for televising portions of the outfalls located under subdivision lots. Mr. Joubran responded to Board members' questions regarding the action items and discussion ensued.

CONTRACT FOR CONVEYANCE OF WASTEWATER

Mr. Pagan reminded the Board of a previously reviewed draft Wastewater Transmission Agreement with 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. He stated that a term sheet for the proposed agreement would be reviewed with the Board during its July 5, 2016, meeting. Director DiCioccio discussed No. 52's proposed participation in the KRWTP.

ADDITIONAL DISTRICT FACILITY OPERATIONS ACTION ITEMS

Mr. Phelps presented and reviewed with the Board customer correspondence requesting an adjustment to a high water bill due to a leak in the customer's water line. A copy of the correspondence is included in the operator's report. Following review and discussion, Director Normand moved to deny the request in accordance with the District's Rate Order. Director Parker seconded the motion, which was approved by unanimous vote.

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 Normand 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.

CONSUMER CONFIDENCE REPORT

Mr. Phelps presented and reviewed with the Board a draft Consumer Confidence Report, a copy of which is included in the operator's report. Following review and discussion, Director Parker moved to authorize mailing of the finalized Consumer Confidence Report and filing of the certificate of mailing with the TCEQ. Director Normand seconded the motion, which was approved by unanimous vote.

PAYMENT SERVICES AGREEMENT

Mr. Phelps reviewed and recommended approval of a Payment Services Agreement with First Mobile Trust, LLC, subsidiary of First Billing Services, LLC ("First Billing Services"). He explained that First Billing Services provides more reliable electronic payment options than currently provided by Compass Bank. Following review and discussion, Director Parker moved to authorize execution of the Payment Services Agreement with First Billing Services. Director Fryfogle seconded the motion, which was approved by unanimous vote.

NHCRWA

Director DiCioccio reported on the monthly meeting of the NHCRWA, including capital projects, financing transactions, and a report on current area lake levels.

KRWTP MATTERS

Director DiCioccio discussed the operations and maintenance of the KRWTP. He reported that the annual tour of the plant has been rescheduled to June 14, 2016, at 6:00 p.m.

PUBLIC COMMUNICATIONS

The Board and Ms. Smith 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 meeting agenda and concurred to hold its July 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 JUNE 7, 2016, BOARD MEETING]

Secretary, Board of Directors



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