

MINUTES
CYPRESS FOREST PUBLIC UTILITY DISTRICT

April 4, 2017

The Board of Directors (the "Board") of Cypress Forest Public Utility District, (the "District"), met in regular session, open to the public, on the 4th day of April, 2017, 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:

Gregory 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 residents of the District as listed on the attached attendance sheets, including Barb Smith of the Champion Forest Maintenance Fund; Greg French of the Raveneaux Country Club; Kim Shelnett of Myrtle Cruz, Inc.; Nabil Joubran of Pepe Engineering, Ltd.; Andrew Phelps and Stephanie Bowden of Environmental Development Partners, LLC ("EDP"); Anna Duarte of Tax Tech, Inc.; 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. Various residents made comments regarding Beazer Homes' proposed development project for a 6.8-acre portion of the 27-acre Raveneaux Country Club tract, beginning with two mid-rise condominium buildings on 2.2 acres of the tract, and requested variances to the District's Raveneaux Redevelopment Agreement with JP Raveneaux Partners LP and Kera Development, L.P. ("Raveneaux Redevelopment Agreement"). Mary Jo Martin read aloud e-mail correspondence from the Harris County Precinct 4 Parks Director, Dennis Johnston, regarding the precinct's proposed coordination with the District on the purchase of public parkland out of the Raveneaux tract for use as a connecting trail. A copy of the correspondence is attached. There being no additional public comments, Director DiCioccio closed the meeting to public comments.

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

The Board discussed Beazer Homes' proposed phased development project for a portion of the Raveneaux Country Club tract. Director DiCioccio noted that Beazer Homes had withdrawn its request for variances or amendments to the Raveneaux Redevelopment Agreement. Discussion ensued regarding whether the District should consider purchasing the 6.8-acre tract. Following discussion, Director Petrick moved to authorize purchasing the 6.8-acre tract using up to \$1,500,000 of the District's General Operating Fund, subject to: (1) approval by the District's financial advisor and attorney; (2) withdrawal if the funds from the District's General Operating Fund are needed for a District emergency; and (3) verification of the value of the property by an appraisal report. Director Normand seconded the motion. Discussion ensued regarding the proposed purchase. Following discussion, Director Petrick amended his motion to include authorization for creating a committee consisting of Directors Petrick and Normand authorized to negotiate the purchase with Michael Bloch as expeditiously as possible. Director Normand seconded the amended motion, which was approved by majority vote, with Director Parker opposed because he believes the proposed purchase should be communicated to all of the District's residents for comment.

Director DiCioccio recommended that Director Normand coordinate development of a shovel-ready plan for creating a visual screen along the District's forty-foot easement on the Raveneaux Country Club tract along Cypresswood Drive and the Board concurred.

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 Fryfogle, the Board voted unanimously to approve the items included on the Consent Agenda, including the minutes of the meetings held February 24, and March 7, 2017. Copies of the bookkeeper's report, tax assessor/collector's report, engineer's report, and operator's report are attached.

CUSTOMER CORRESPONDENCE AND BILLINGS

Mr. Phelps reviewed customer correspondence requesting an adjustment to the February 13, 2017, utility bill for 69,000 gallons of water usage. Ms. Denehie addressed

the Board and stated that she was not aware of the supposed high usage until February 24, 2017. She said that her security cameras verified that a door tag was not left by EDP at her residence on February 16, 2017, as reported by EDP. She reviewed the results of her monitored water usage beginning February 24, 2017, and stated the results indicate there is no leak in her lines. She stated that a new meter was installed on March 14, 2017, and only 5,660 gallons were used. Mr. Phelps reviewed the history of the account and reported that benchmark testing of the meter removed from the residence indicates that the meter was reading within an acceptable level of accuracy. Ms. Denehie stated that her irrigation and pool water lines are turned off and contain no leaks. Following review and discussion, the Board concurred to authorize EDP to charge an average monthly amount for the account's February and March utility billings to be calculated by removing the highest and lowest utility bills over the last year.

Mr. Phelps reviewed customer correspondence requesting an adjustment to the February 13, 2017, utility bill for 65,000 gallons of water usage in the amount of \$342.25 due to a water line leak directly into a storm sewer pipe that has since been repaired. Mr. Phelps reviewed the history of the account and stated that the average monthly usage for the account is 6,000 gallons. Following review and discussion, Director Parker moved to authorize 90-day payment terms for the account holder. Director Fryfogle seconded the motion, which was approved by unanimous vote.

CONDUCT HEARING ON TERMINATION OF WATER SERVICE

Mr. Phelps recommended reclassifying 17 accounts totaling \$4,109.62 as uncollectible and removing them from the District's delinquent list. Following review and discussion, Director Normand moved to authorize write-off of the accounts as recommended. Director Parker seconded the motion, which was approved by unanimous vote.

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.

ANNUAL REPORT ON IMPLEMENTATION OF WATER CONSERVATION PLAN

Mr. Phelps reviewed with the Board a draft annual report on implementation of the District's Water Conservation Plan, a copy of which is attached to the operator's report, and discussed annual reporting requirements required prior to May 1, 2017. Following review and discussion, Director Petrick moved to approve the annual report. Director Parker seconded the motion, which was approved by unanimous vote.

ANNUAL REVIEW AND REPORT ON IDENTITY THEFT PREVENTION PROGRAM

Mr. Phelps reviewed an annual report on the District's Identity Theft Prevention Program, a copy of which is included in the operator's report. He stated that the report indicates there were no significant incidents of identity theft detection. He recommended continued implementation of the program without changes and the Board concurred.

AMENDMENT TO AGREEMENT FOR OPERATING SERVICES

The Board concurred to defer this item.

ADDITIONAL FINANCIAL AND BOOKKEEPING ACTION ITEMS

Ms. Shelnett presented one additional check for payment of an invoice for easement acquisition matters. Following review and discussion, Director Parker moved to approve payment of the invoice. Director Fryfogle seconded the motion, which was approved by unanimous vote.

The Board discussed attendance at an Association of Water Board Directors ("AWBD") Parks Committee meeting on April 7, 2017, an AWBD Spring Membership Breakfast scheduled for April 21, 2017, and a Texas Commission on Environmental Quality Public Drinking Water Conference scheduled for August 11-12, 2017. Following discussion, Director Petrick moved to authorize Directors to attend the meeting, breakfast, and conference. Director Parker seconded the motion, which was approved by unanimous vote.

ADDITIONAL TAX ASSESSMENT AND COLLECTION ACTIONS

There were no additional tax assessment or collection items.

RENEWAL OF DISTRICT'S INSURANCE POLICIES

The Board considered a renewal proposal from Arthur J. Gallagher & Co. for the District's insurance policies due to expire June 1, 2017. Following review and discussion, Director Parker moved to approve the renewal proposal in the amount of

\$16,938.00. Director Petrick seconded the motion, which was approved by unanimous vote.

HOMEOWNERS ASSOCIATION MATTERS

Ms. Smith addressed the Board regarding Champion Forest Maintenance Fund matters, including speed monitoring efforts on Cypresswood Drive and a proposed opportunity for the District's participation in a project for tree maintenance and irrigation installation at an entrance into the District.

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 reported that two caution signs were installed at a blind curve on the walking trail by CHL as previously approved by the Board for \$350.00. He reported on development of a more effective and efficient annual mowing program for review during the May 2, 2017, meeting.

ADDITIONAL ENGINEERING ACTION ITEMS

Mr. Joubran recommended accepting two five-foot Water Line Easements needed to construct a water line along Louetta Road and west of Champion Drive to provide water service for an eight-acre tract within the District for a proposed retail center and medical professional building.

Mr. Joubran updated the Board on the proposed project for conveyance of wastewater from Champions Municipal Utility District ("Champions MUD") to the Kleinwood Regional Wastewater Treatment Plant (the "KRWTP"). He stated that the City of Houston has requested a Preliminary Engineering Report for the modifications planned for the District's facilities and a letter confirming that the District has adequate capacity in its wastewater collection system for Champions MUD's additional flow.

Following review and discussion, Director Petrick moved to approve: (1) acceptance of two five-foot Water Line Easements; and (2) preparation of a Preliminary Engineering Report in an amount not to exceed \$15,000 and submission of a capacity confirmation letter per the City of Houston's request. Director Parker seconded the motion, which was approved by unanimous vote.

Mr. Joubran discussed an inquiry regarding a proposed annexation of a 13-acre tract for a retail and restaurant building facing Louetta Drive, two medical office buildings set back within the tract, and a future indoor shooting range in the back of the property. He reminded the Board that the inquiry included a request for water and sewer services and a determination of whether a reimbursement agreement with the District would be feasible. He stated that the developers of the project are scheduled to attend the May regular Board meeting to provide additional information.

AGREEMENT FOR RECLAIMED WATER SERVICE, RECLAIMED WATER SUPPLY AGREEMENT, AND EFFLUENT REUSE DISTRIBUTION SYSTEM

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.

KRWTP MATTERS

Director DiCioccio reported on the operations and maintenance of the KRWTP, including the status of a Phase 1 electrical modifications project that is anticipated to be included in the 2018 fiscal year budget.

Director Petrick reported on the reallocation of capacity in the KRWTP from Cy-Champ Public Utility District to Champions MUD due to Champions MUD's impending purchase of capacity from Cy-Champ Public Utility District.

NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY ("NHCRWA")

Director DiCioccio reported on the monthly meeting of the NHCRWA.

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 May 2, 2017, meeting at 5:00 p.m. at the District's Administrative Building.

CONVENE IN EXECUTIVE SESSION

The Board did not convene in executive session

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

[SIGNATURE PAGE FOR THE MINUTES OF THE APRIL 4, 2017, BOARD MEETING]



Secretary, Board of Directors

(SEAL)



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