

MINUTES
CYPRESS FOREST PUBLIC UTILITY DISTRICT

September 5, 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 5th day of September, 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 Fred Bauhof, Alice Kanayan, and Peter Sattler, residents of the District; Barb Smith of the Champion Forest Maintenance Fund ("CF HOA") and resident of the District; Trevor Royal, Felix DeLeon, and Irma Cantu of WCA Waste Corporation of Texas ("WCA"); John Howell of The GMS Group, LLC; Kim Shelnett of Myrtle Cruz, Inc.; Nabil Joubran of Pepe Engineering, Ltd.; Andrew Phelps and Stephanie Bowden 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.

Director DiCioccio called the meeting to order. He stated that the Board's thoughts and prayers are with the community impacted by Hurricane Harvey.

PUBLIC COMMENTS

Director DiCioccio opened the meeting to receive public comments. There being no public comments, Director DiCioccio closed the meeting to public comments.

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

The Board discussed Beazer Homes' proposed phased development project for a portion of the Raveneaux Country Club tract. Mr. Pagan reported that, as approved during the August 1, 2017, Board meeting, a response was sent to David Key's email correspondence to determine whether Michael Bloch was interested in exploring the

District's conceptual conditional purchase of the 6.8-acre tract proposed to be developed by Beazer Homes that could then lead to a formal, written offer.

Mr. Pagan reported that he was contacted by Jeff Anderson of Beazer Homes regarding procedures for complying with the Raveneaux Redevelopment Agreement.

The Board discussed a letter from the management of the Raveneaux Country Club to the members of the club regarding the management's commitment to repairing the damage to the club and golf course caused by Hurricane Harvey.

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 Normand 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 1, 2017. Copies of the bookkeeper's report, tax assessor/collector's report, engineer's report, and operator's report are attached.

ADDITIONAL DISTRICT FACILITY OPERATIONS ACTION ITEMS

Mr. Phelps reviewed the currently known status of the District's facilities at water plant no. 2 that were impacted by Hurricane Harvey. He reported that electrical power will not be restored to the facility until it is safe to do so. He stated that water plant no. 1's supply is being supplemented through the District's interconnect with Harris County Water Control Improvement District No. 114. Following review and discussion, Director Normand moved to provide emergency authorization to EDP to begin repairs of the damaged facilities at water plant no. 2. Director Petrick seconded the motion, which was approved by unanimous vote.

Mr. Phelps responded to Board members' questions regarding repairs made to an eight-inch main water line at Champion Forest Drive and Kimstone Lane that was damaged by a directional boring contractor installing communication lines on August 23, 2017. He stated that replacement of the section of the street that was removed for the repair requires engineered plans approved by Harris County, and will likely take two months or more and be costly. He estimated that the repair of the water main was \$5,000.00 and replacement of the street would cost approximately \$25,000.00. He stated that the contractor will be charged for all repair work and water loss.

CONDUCT HEARING ON TERMINATION OF WATER SERVICE

The Board discussed the impact of Hurricane Harvey on the District's residents and billing procedures. Following discussion, the Board concurred to table action on delinquent utility accounts for one month.

ADDITIONAL ENGINEERING ACTION ITEMS AND WASTEWATER CONVEYANCE PROJECT

Mr. Joubran discussed the District's application to the Federal Emergency Management Agency ("FEMA") for reimbursement of 75% of the cost of repairs required to the lease property due to the 2016 high water events. He reported on coordination with FEMA representatives on submitting a separate application for reimbursement of new damages resulting from Hurricane Harvey, if necessary.

Mr. Joubran stated that the projects included in the District's long-term Capital Improvement Plan may need to be reprioritized due to the impact of Hurricane Harvey on the District's facilities and responded to Board members' questions.

The Board discussed Champions Municipal Utility District's ("Champions MUD") proposed project to construct a dedicated force main to convey its wastewater to the Kleinwood Regional Wastewater Treatment Plant (the "KRWTP"). Mr. Joubran reported that he was contacted by the engineering consultant for Champions MUD regarding use of the District's lift station, sanitary sewer trunk lines, and force main located along Champion Forest Drive and Cypresswood Drive for temporary transport of sewage flow through the District's facilities due to the impact of Hurricane Harvey on Champions MUD's wastewater treatment plant.

Discussion ensued regarding the District's previous analysis of the feasibility of transporting Champions MUD's sewage flow through the District's aging lift station. Additional discussion ensued regarding the amount, timing, and duration of Champions MUD's proposed sewage flow through the District's sanitary sewer facilities and the proposed monthly fees to be charged by the District, including the District's monthly fees paid to the KRWTP, illicit discharge fees, and the costs of any emergency repairs needed during the temporary use period. Following discussion, Director Petrick moved to authorize: 1) coordination between the District's consultants and representatives of Champions MUD on the preparation of a letter agreement with Champions MUD outlining the parameters of Champions MUD's proposed temporary transport of sewage flow through the District's sanitary sewer facilities as discussed; and 2) execution of the letter agreement, subject to Director Petrick's approval. Following additional discussion regarding the status of Champions MUD's wastewater treatment plant, Director Fryfogle seconded the motion, which was approved by unanimous vote.

Mr. Joubran noted that the City of Houston's approval of plans for the District's proposed sanitary sewer rehabilitation project in Champion Forest Sections One and Two and the proposed eight-inch waterline to serve an eight-acre commercial tract located along Louetta Road, west of Champion Drive, will most likely be delayed due to the impact of Hurricane Harvey.

ADDITIONAL FINANCIAL AND BOOKKEEPING ACTION ITEMS

There were no additional financial or bookkeeping action items.

HOMEOWNERS ASSOCIATION MATTERS

Director DiCioccio reported on his assessment of debris removal needed in the District due to the impact of Hurricane Harvey. He reported that he requested a proposal from WCA for debris collection and disposal services for the District and estimated the cost for the services per the proposal was \$800,000. Discussion ensued regarding the possible delay in debris removal from the District by Harris County for a month or much longer due to the scope of debris removal needed throughout the region and the possible impacts on the health and safety of the District's residents.

Mr. Royal discussed WCA's proposal for debris collection and disposal services and expertise with submitting applications to FEMA for reimbursement of the costs for the services. He recommended that the Board obtain three bids for the proposed services. He stated reimbursement from FEMA is not guaranteed and can take a long time to receive. He stated that he currently has six trucks available to perform debris collection and disposal services within the District and responded to Board members' questions regarding manpower, equipment, fees, procedures, and trip times. Discussion ensued regarding the estimated costs of the services and the District's budget. Following review and discussion, the Board concurred to schedule a special meeting at 5:00 p.m. on September 19, 2017, to consider WCA's proposal and authorized Director DiCioccio to obtain three additional proposals for debris collection and disposal services for review.

In response to Ms. Smith's inquiry, Mr. Phelps stated there was no need to implement the District's Drought Contingency Plan at this time.

Director Petrick reported that the Harris County Constable Precinct 4 (the "Constable") offices were destroyed by flooding caused by Hurricane Harvey. He recommended that the CF HOA allow the Constable to use the Administrative Building as the main office for its 20 officers and that the Board hold the District's meetings at an alternate location and the Board concurred. Ms. Smith reported that the Constable provided extraordinary services related to the District's facilities during the extreme weather event.

ADDITIONAL TAX ASSESSMENT AND COLLECTION ACTIONS, INCLUDING
PAYMENT CREDIT CARD INDUSTRY QUESTIONNAIRE

There were no additional tax assessment or collection actions.

2017 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 \$0.29 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 \$0.29 per \$100 assessed valuation, with \$0.04 allocated to debt service and \$0.250 allocated to maintenance and operations, at 4:00 p.m. on October 3, 2017, and authorize Tax Tech, Inc., to publish the required notice of the hearing in a qualified local newspaper. Director Normand seconded the motion, which passed by unanimous vote.

ADOPT BUDGET FOR FISCAL YEAR END SEPTEMBER 30, 2018

Ms. Shelnutt reviewed a draft budget for fiscal year end September 30, 2018. Discussion ensued regarding budgeted capital expenditures. Following discussion, the Board concurred to table discussion regarding the budget until review of a revised budget outlining capital expenditures at the September 19, 2017, special meeting.

ANNUAL REVIEW OF INVESTMENT POLICY, DEPOSITORY INSTITUTIONS, AND
QUALIFIED BROKER/DEALERS

The Board concurred to defer these items.

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 removal of fallen trees and restoration of electricity to the irrigation system due to Hurricane Harvey's impact on the park. He reported that expenses for the park facilities are within budget. Mr. Joubran discussed the possibility of preparing an additional application for submission to FEMA for reimbursement of costs related to vegetation removal and possible environmental mitigation work for the park.

RECONVEYANCE OF A 1.4409-ACRE PARCEL

The Board discussed previously received correspondence from the Church of Jesus Christ of Latter-Day Saints (the "Church") requesting that the District reconvey a 1.4409-acre parcel located along Champion Forest Drive to the Church pursuant to the terms of the original conveyance from the Church to the Raveneaux Country Club. Mr.

Joubran reported that the engineering consultants for the Church and the District are coordinating on a mutually agreeable solution that allows the District to retain ownership of the tract and provides any potential drainage required for the Church's proposed expansion of its parking lot. Director Normand reported that fiber optic cable was recently installed in the area.

RECLAIMED WATER SUPPLY AGREEMENT AND AGREEMENT FOR RECLAIMED WATER SERVICE

The Board discussed matters related to a proposed effluent reuse treatment facility to be located in the vicinity of the KRWTP, including a proposed Reclaimed Water Supply Agreement with the Kleinwood Joint Powers Board and the KRWTP participants and a proposed Agreement for Reclaimed Water Service with the Raveneaux Country Club. Director Petrick reported on the status of KRWTP participants' approval of the proposed Reclaimed Water Supply Agreement. He stated that Cy-Champ Public Utility District approved the agreement, subject to an increased price for the effluent during the capital recovery period of \$1.00 per 1,000 gallons. Following review and discussion, Director Petrick moved to authorize execution of the Reclaimed Water Supply Agreement with the KRWTP and the KRWTP participants, subject to a price for the effluent during the capital recovery period of \$0.75 per 1,000 gallons as provided in the draft agreement proposed by KRWTP. Director Parker seconded the motion, which was approved by unanimous vote.

KRWTP MATTERS

Mr. Phelps reported on the impact of Hurricane Harvey to the KRWTP and stated that the plant did not shut down during the weather event.

NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY ("NHCRWA")

Director DiCioccio reported that the NHCRWA is scheduled to meet on September 11, 2017.

HOMEOWNERS ASSOCIATION MATTERS (CONTINUED)

Director Petrick discussed the impact of flooding caused by Hurricane Harvey on the Administrative Building. He reviewed a quote for replacing the floor tile in the amount of \$10,403.33. Following review and discussion, Director Parker moved to authorize payment for replacing the floor tile, subject to the CF HOA's approval. Director Normand seconded the motion, which was approved by unanimous vote.

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 its meeting agendas. The Board concurred to hold a special meeting at 5:00 p.m. on September 19, 2017, and a regular meeting at 4:00 p.m. on October 3, 2017, to allow for the District's participation in the CF HOA's National Night Out Event.

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

[SIGNATURE PAGE FOR THE MINUTES OF THE SEPTEMBER 5, 2017, BOARD MEETING]



Secretary, Board of Directors

(SEAL)



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