

MINUTES
CYPRESS FOREST PUBLIC UTILITY DISTRICT

January 2, 2018

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 January, 2018, 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:

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| 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, except Director Parker, thus constituting a quorum.

Also present for all or part of the meeting were Keisha Antoine, PhD, PE of Antoine Technical Consulting LLC; Ryan Fortner of Sales Revenue, Inc.; Kim Shelnett of Myrtle Cruz, Inc.; Nabil Joubran of Pepe Engineering, Ltd. ("Pepe Engineering"); Andrew Phelps and Stephanie Bowden of Environmental Development Partners, LLC; Laura Flores 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.

PUBLIC COMMENTS

Director DiCioccio opened the meeting to receive public comments. Ms. Antoine addressed the Board to advise them of her services related to wastewater treatment plants. Copies of documents distributed to the Board regarding her services and products are attached. There being no additional public comments, Director DiCioccio closed the meeting to public comments.

PROPOSED DEVELOPMENT PROJECT FOR THE RAVENEAUX COUNTRY CLUB TRACT

There were no updates regarding a proposed phased development project for a portion of the Raveneaux Country Club tract. Mr. Pagan reported on efforts to obtain proposals for a professional consultant to provide services for reviewing the plans and specifications for the proposed new development project when received to determine whether the project is in compliance with the District's Raveneaux Redevelopment Agreement.

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 Petrick, the Board voted unanimously to approve the items included on the Consent Agenda, including the minutes of the meeting held December 5, 2017. Copies of the bookkeeper's report, tax assessor/collector's report, engineer's report, and operator's report are attached.

ANNUAL REPORT REGARDING POST-ISSUANCE COMPLIANCE POLICY

Mr. Pagan reported on the District's compliance activities during the prior calendar year related to bond financings. He stated that no corrective action is required at this time.

ADDITIONAL TAX ASSESSMENT AND COLLECTION ACTIONS

There were no additional tax assessment or collection items.

SALES TAX AND REVENUE REPORT

Mr. Fortner presented and reviewed with the Board an updated business list and a memorandum regarding Sales Tax Audit, Non-Compliance, and Ongoing Procedures Report, copies of which are attached. He stated that the information contained in the report will continue to be monitored on a monthly basis.

ADDITIONAL FINANCIAL AND BOOKKEEPING ACTION ITEMS

Ms. Shelnutt presented and reviewed one additional check for payment of an invoice for the District's use of its interconnect with Cy-Champ P.U.D. in the amount of \$44,800.00. Following review and discussion, Director Normand moved to authorize execution of the additional check. Director Petrick seconded the motion, which was approved by unanimous vote.

ANNUAL DISCLOSURE STATEMENTS

Mr. Pagan reported that in accordance with the District's Investment Policy, the District's bookkeeper and Investment Officer, are required to execute disclosure statements that disclose any relationships with banks and brokers who seek to sell

investments to the District. He stated that the disclosure statements are filed annually with the Texas Ethics Commission. Following review and discussion, Director Petrick moved to accept the annual disclosure statements of the bookkeeper and Investment Officer, and direct that the disclosure statements be filed appropriately and retained in the District's official records. Director Fryfogle seconded the motion, which was approved by unanimous vote.

HOMEOWNERS ASSOCIATION MATTERS

Directors DiCioccio and Petrick reported on Champion Forest Maintenance Fund and Champion Forest Eleven Homeowners Association matters.

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 Hurricane Harvey debris from the trail by CHL. Director Normand reported on irrigation of the 160 trees donated by Trees for Houston and damage to more than ten other trees caused by deer and beavers. He stated that a fallen tree on the back trail along the creek will be removed off of the trail.

RECONVEYANCE OF A 1.4409-ACRE PARCEL

Mr. Joubran reported on Pepe Engineering's coordination with the engineering consultants for the Church of Jesus Christ of Latter-Day Saints (the "Church") on a mutually agreeable solution related to the ownership of a 1.4409-acre parcel located along Champion Forest Drive and potential drainage required for the Church's proposed expansion of its parking lot. He discussed design plans for the parking lot expansion submitted by the consultants for the Church. He stated the plans include existing drainage structures with one outlet pipe leaving the site and out-falling into Cypress Creek through the parcel and the District's park/lease acreage. He reviewed email correspondence from a project consultant stating that with the planned outfall scheme, the Church is no longer pursuing ownership of the 1.4409-acre parcel. A copy of the email correspondence is attached to the engineer's report.

ADDITIONAL ENGINEERING ACTION ITEMS

Mr. Joubran reported that three bids were received for the contract for construction of the eight-inch water line along Louetta Road to serve an eight-acre commercial tract pursuant to the District's Development Financing Agreement with District & Urban (Texas) Inc. He recommended that the Board award the contract to the low bidder, Canyon Construction Company, Inc., in the amount of \$97,977.25. The Board concurred that, in its judgment, Canyon Construction Company, Inc. was a responsible bidder who would be most advantageous to the District and would result in the best and most economical completion of the project. Following review and

discussion, Director Normand moved to (1) award the contract for construction of the eight-inch water line along Louetta Road to serve an eight-acre commercial tract pursuant to the District's Development Financing Agreement with District & Urban (Texas) Inc. to Canyon Construction Company, Inc. in the amount of \$97,977.25; and (2) authorize payment of Pepe Engineering's invoice for a portion of related engineering and advertising fees for the project in the amount of \$6,375.00. Director Petrick seconded the motion, which was approved by unanimous vote

WASTEWATER CONVEYANCE PROJECT

Mr. Joubran reported there was no update on 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 ("KRWTP"). The Board requested that Mr. Joubran update Champions MUD on the District's resolution of ownership matters for the 1.4409-acre parcel located along Champion Forest Drive and the drainage required for the Church's proposed expansion of its parking lot.

RECLAIMED WATER SUPPLY PROJECT AND KRWTP MATTERS

The Board discussed matters related to the proposed effluent reuse treatment facility to be constructed in the vicinity of the KRWTP. Mr. Joubran reported on the status of preparing a Preliminary Engineering Report to analyze and provide design recommendations and cost estimates for the District's proposed reclaimed water storage and distribution facilities. Director Petrick reported on discussions with potential users of the District's future reclaimed water supply pursuant to the Reclaimed Water Supply Agreement.

HURRICANE HARVEY RELATED MATTERS AND ADDITIONAL DISTRICT FACILITY OPERATIONS ACTION ITEMS

Mr. Phelps reported on the status of repairs and reviewed and discussed recommended improvements and mitigation actions for the District's facilities damaged by Hurricane Harvey for administration by Pepe Engineering and listed in the operator's report. He discussed the status of the District's application to the Federal Emergency Management Agency ("FEMA") for reimbursement of the costs for damages resulting from Hurricane Harvey and anticipated reimbursement from FEMA for the recommended improvements and mitigation actions for the District's facilities. Mr. Joubran stated that electrical and structural engineers would need to be engaged to develop proposals for soliciting quotes from suppliers of diesel and natural gas generators for the Board's review. Following discussion, the Board concurred to authorize Pepe Engineering to prepare a proposal for an engineering scope of work for proposed improvement and mitigation actions for the District's facilities damaged by Hurricane Harvey for review at the February 6, 2018, meeting.

Mr. Phelps reported that production re-testing results for well no. 2 were slightly improved. He reminded the Board that the well was previously submerged under flood water resulting from Hurricane Harvey and previous test results indicated a decreased pumping capacity. He stated that monitoring of the well will continue.

Director Petrick reported on the status of repairs to the District's Administrative Building due to the impact of Hurricane Harvey, including coordination with Barb Smith of the Champion Forest Maintenance Fund on replacing the furniture in the District's Administrative Building.

Mr. Phelps reported on his review of the invoices the District received from Cy-Champ P.U.D. and Louetta North P.U.D. for the water supplied to the District through emergency interconnections pursuant to the District's respective agreements with the supplying entities. He recommended paying the invoices as submitted.

Mr. Phelps reviewed customer correspondence requesting a reduction in his utility bill for November, 2017 to the average prior three-month historical usage on the account. Following review and discussion, the Board concurred to deny the request.

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.

NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY ("NHCRWA")

Director DiCioccio reported the monthly meeting of the NHCRWA is scheduled January 9, 2018.

PUBLIC COMMUNICATIONS

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

2018 DIRECTORS ELECTION

Mr. Pagan discussed procedures related to the 2018 Directors Election. He reviewed a Resolution Designating an Agent of the Secretary of the Board during the 2018 Directors Election Period. Following review and discussion, Director Petrick moved to adopt a Resolution Designating an Agent of the Secretary of the Board during the 2018 Directors Election Period appointing Justine M. Cherne as the agent of the Secretary of the Board to perform the duties of the District's Directors Election, authorize the agent to post the related notice as required, and direct that the resolution be filed appropriately and retained in the District's official records. Director Normand seconded the motion, which was approved by unanimous vote.

Mr. Pagan reported on the requirements for filing a Notice of Deadline to File Applications for Place on the Ballot for the 2018 Directors Election. Following discussion, Director Petrick moved to authorize the Secretary's agent to post the notice as required. Director Normand seconded the motion, which was approved by unanimous vote.

Mr. Pagan discussed exemptions from using electronic voting systems during the 2018 Directors Election. Following discussion, Director Petrick moved to authorize notice of an exemption from using electronic voting systems during the 2018 Directors Election in a newspaper of general circulation. Director Normand seconded the motion, which was approved by unanimous vote.

The Board discussed pay for election officials during the 2018 Directors Election. Following discussion, Director Petrick moved to set the pay for election officials during the 2018 Directors Election at \$15.00 per hour. Director Normand seconded the motion, which was approved by unanimous vote.

Mr. Pagan reviewed an Order Calling Directors Election and discussed procedures related to the District's 2018 Directors Election. He stated that a Notice of Election may be required to be posted or published and provided to the County Clerk and Voter Registrar of Harris County. Following discussion, Director Petrick moved to adopt an Order Calling Directors Election and authorize the Secretary's agent to post, publish and provide a Notice of Election, if required. Director Normand seconded the motion, which was approved by unanimous vote.

MEETING SCHEDULE AND AGENDA

The Board discussed items for inclusion on the agenda for its February 6, 2018, 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 JANUARY 2, 2018, BOARD MEETING]

Secretary, Board of Directors

(SEAL)



LIST OF ATTACHMENTS TO MINUTES

| | Minutes <u>Page</u> |
|---------------------------------------------------------------------------------------------------------------------------------|------------------------|
| services and products documents | 1 |
| Bookkeeper's report..... | 2 |
| Tax Assessor/Collector's report | 2 |
| Engineer's report..... | 2 |
| Operator's report..... | 2 |
| updated business list and a memorandum regarding Sales Tax Audit, Non- Compliance Report, and Ongoing Procedures Report..... | 2 |