

MINUTES  
CYPRESS FOREST PUBLIC UTILITY DISTRICT

October 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 October, 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:

Gregory DiCioccio	President
Thomas J. Petrick	Vice President
David Normand	Secretary
James B. Fryfogle	Assistant Vice President
Vernon Vanis	Assistant Secretary

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

Also present for all or part of the meeting were Martin Ndukwe, resident of the District; Mike Turco of Harris-Galveston Subsidence District ("HGSD"); Andrew Phelps of Environmental Development Partners, LLC ("EDP"); Kim Shelnett of Myrtle Cruz, Inc.; Nabil Joubran of Pepe Engineering, Ltd. ("Pepe Engineering"); Esther Flores and Laura Flores of Tax Tech, Inc.; Josh Fort of Champions Hydro-Lawn, Inc.; and Greer Pagan and Justine M. Cherne of Allen Boone Humphries Robinson LLP ("ABHR").

NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY ("NHCRWA")

Mr. Turco introduced himself to the Board. Discussion ensued regarding NHCRWA and HGSD matters, including public education efforts regarding subsidence and water supply.

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 RAVENEAUX TRACT DEVELOPMENT AND LEASE TRACT MAINTENANCE

There was no update on the proposed development project for the Raveneaux Country Club tract.

CUSTOMER CORRESPONDENCE AND BILLINGS

Mr. Ndukwe addressed the Board to request an adjustment to a high residential utility bill he received in May, 2018. Mr. Phelps reviewed the historical usage on the

account. Following review and discussion, the Board requested that EDP test the water meter for the account and report back.

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 Normand, the Board voted unanimously to approve the items included on the Consent Agenda, including the minutes of the meeting held September 4, 2018. Copies of the bookkeeper's report, tax assessor/collector's report, and operator's report are attached.

ADDITIONAL TAX ASSESSMENT AND COLLECTION ACTIONS

There were no additional tax assessment or collection actions.

2018 TAX RATE

Ms. Flores stated that notice of the District's public hearing regarding adoption of the proposed 2018 tax rate was published. Director DiCioccio opened the public hearing regarding adoption of the District's tax rate and upon receiving no comment from the public, the Board concurred to close the public hearing. Following discussion, Director Petrick moved to: (1) adopt an Order Levying Taxes for the 2018 tax year, levying a tax rate of \$0.29 per \$100 assessed valuation, with \$0.04 allocated for debt service and \$0.25 allocated for maintenance and operation expenditures; (2) authorize execution of an Amendment to Information Form; and (3) direct that the order and form be filed appropriately and retained in the District's official records. Director Vanis seconded the motion, which passed by unanimous vote. The Board confirmed its intention that the 2018 tax levy includes a debt service component for the calendar year ending December 31, 2019, and a maintenance tax component for the fiscal year ending September 30, 2019.

ADDITIONAL FINANCIAL AND BOOKKEEPING ACTION ITEMS

There were no additional financial or bookkeeping items.

HOMEOWNERS ASSOCIATION MATTERS

Director DiCioccio reported on matters discussed during a recent meeting of the Champion Forest Homeowners Association, including the District's construction projects. Discussion ensued regarding public communication procedures for the District's project to repair sanitary sewer collection lines in Champion Forest Sections

One and Two and Champion Drive trunk lines pursuant to its contract with Horseshoe Construction, Inc.

#### 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 tree maintenance and planting.

In response to Board members' inquiries, Mr. Joubran updated the Board on a request for reimbursement application submitted to the Federal Emergency Management Agency ("FEMA") on behalf of the District for drainage structure repairs made within Cypress Forest Park.

#### ADDITIONAL ENGINEERING ACTION ITEMS, RECLAIMED WATER SUPPLY PROJECT, AND WASTEWATER CONVEYANCE PROJECT

Mr. Joubran presented the engineer's report, a copy of which is attached. He responded to Board members' questions regarding the District's sanitary sewer collection line repair project to be performed by Horseshoe Construction, Inc., the District's Capital Improvement Plan, and the status of Hatch Associates Consultants, Inc.'s design of the generator replacement and electrical system upgrades at water plant no. 2, in coordination with Pepe Engineering and EDP.

Mr. Joubran stated that a copy of a notification delivered to homes within the area of the District's sanitary sewer collection line repair project is attached to the engineer's report.

Mr. Joubran reported on the status of the construction of an eight-inch water line along Louetta Road to serve an eight-acre commercial tract pursuant to the District's contract with Canyon Construction Company, Inc. He stated the project continues to be delayed due to scheduling conflicts with required personnel from ExxonMobil Pipeline Company ("Exxon") pursuant to the District's Right-of-Way Consent Agreement with Exxon.

Mr. Joubran updated the Board on Harris County's roadway improvement project along Champions Drive, south of Cypress Creek. He reminded the Board of its previous authorization of the District's payment of one-third of the costs of relocating the District's interconnect water line with Cy-Champ Public Utility District ("Cy-Champ PUD") located within Harris County's right-of-way in the approximate amount of \$13,333.00. He stated that the cost for the relocation has been revised and the District's share is \$20,931.47. He stated the cost is subject to future modification by change orders or field changes determined during construction. Following review and discussion, Director Vanis moved to authorize payment of the District's share of the costs of relocating the District's interconnect water line with Cy-Champ PUD in the

amount of \$20,931.47. Director Fryfogle seconded the motion, which was approved by unanimous vote.

Mr. Joubran reported on the status of the proposed effluent reuse treatment facility to be constructed in the vicinity of the Kleinwood Regional Wastewater Treatment Plant (the "KRWTP"), including permitting and access easement matters, and matters related to the location of the District's storage and distribution facilities. He stated that finalization of Pepe Engineering's Preliminary Engineering Report containing analysis and design recommendations for the District's storage and distribution facilities is pending finalization of these matters and the Board's feedback.

Mr. Joubran discussed additional conditions, requirements, and responsibilities for the producers, providers, and end users of the reclaimed water pursuant to the Texas Commission on Environmental Quality's (the "TCEQ") authorization for the use of reclaimed water from the KRWTP. A copy of the TCEQ's authorization is attached to the engineer's report.

Mr. Joubran noted that consent has not yet been received for the site selected for the District's reclaimed water plant proposed to be constructed within the acreage leased to the Raveneaux Country Club. Discussion ensued regarding the status of comments by the Church of Jesus Christ of Latter Day Saints on the location of a proposed access easement to accommodate the KRWTP's effluent reuse water distribution point facilities. Additional discussion ensued regarding the schedule for constructing the District's reclaimed water plant and the impact of proposed end users on the schedule.

Mr. Joubran reviewed a map and legal descriptions for a proposed Utility Easement sought by the Kleinwood Joint Powers Board (the "KJPB") for the effluent reuse water supply line from the KRWTP to the delivery point at Champion Forest Drive and Cypress Creek, through property owned by the District. Following review and discussion, Director Petrick moved to authorize execution of the Utility Easement, subject to review and revision by ABHR. Director Normand seconded the motion, which was approved by unanimous vote.

Mr. Joubran reported that execution of an Acknowledgement and Consent by Cypress/Raveneaux, LLC remains outstanding for the Sanitary Sewer Force Main and Reclaimed Water Line Easement for Champions Municipal Utility District's projects consisting of: (1) construction of a sanitary force main line to convey its wastewater to the KRWTP; and (2) installation of an effluent water main line. Mr. Joubran discussed coordination with EDP on review of the plans for the sanitary sewer force main line. He discussed the anticipated scope for the replacement of a manhole located at the intersection of Cypresswood Drive and Champion Forest Drive added by Pepe Engineering to the design of the project pursuant to EDP's capacity concerns, including anticipated participants in the cost of the replacement.

## KRWTP MATTERS

Director Vanis reported on KRWTP operations and maintenance matters.

## HURRICANE HARVEY RELATED MATTERS

Mr. Phelps updated the Board on the payments received to date from the District's insurance company for damages caused by Hurricane Harvey to the District's Administration Building and water plant. He reported on an initial reimbursement payment the District received from FEMA pursuant to an application requesting financial assistance for damages caused by Hurricane Harvey to the District's facilities. He stated that EDP continues to coordinate with FEMA on additional reimbursements and approval of the District's pending mitigation project and generator replacement.

## ADDITIONAL DISTRICT FACILITY OPERATIONS ACTION ITEMS

Mr. Phelps updated the Board on efforts to collect an outstanding back charge to a contractor in the amount of \$64,850.65 for a damaged water main line. He reviewed a settlement offer and a release form from the contractor's insurance company in the amount of \$58,623.02. He stated the difference in amounts is the markup fee for the repair. Following review and discussion, Director Vanis moved to accept the settlement offer and authorize execution of the release form. Director Fryfogle seconded the motion, which was approved by unanimous vote.

Mr. Phelps reviewed customer correspondence requesting adjustments to high utility bills for residential accounts located on Salmon Lane due to water line leaks and Tranquil Park due to pool leaks, respectively, that had been subsequently repaired. Following review and discussion, the Board concurred to authorize payment plans for the accounts.

Mr. Phelps discussed customer correspondence presented at the September 4, 2018, Board meeting requesting an adjustment to a high water bill for irrigation use for a residential account located on Chasemore Drive. He stated testing of the meter indicates the meter is accurately reading and he had no explanation for the high water use. Following review and discussion, Director Normand moved to adjust the water bill to an amount equal to the average amount charged for three current water bills and waive the late fees charged to the account. Director Petrick seconded the motion, which was approved by unanimous vote. The Board additionally authorized a payment plan for the account, if needed, and requested that EDP provide the customer with a statement indicating the average amount of water used over the same three month period in 2017.

The Board discussed developing a water leak bill adjustment policy for the District. Following discussion, the Board requested that Mr. Phelps provide proposed options for a water leak bill adjustment policy for review.

## 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 prior to the meeting, in accordance with the District's Rate Order, 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 on items discussed during the monthly meeting of the NHCRWA.

## PUBLIC COMMUNICATIONS

The Board discussed articles for publication in the Champion Forest Women's Club Newsletter and information for posting on the District's website.

## MEETING SCHEDULE AND AGENDA

The Board discussed its meeting schedule and items for inclusion on its meeting agenda. The Board concurred to hold its regular meeting at 5:00 p.m. on November 6, 2018.

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

[SIGNATURE PAGE FOR THE MINUTES OF THE OCTOBER 2, 2018, BOARD MEETING]



Secretary, Board of Directors

(SEAL)



LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
Bookkeeper's report.....	2
Tax Assessor/Collector's report .....	2
Operator's report.....	2
Engineer's report.....	3