

MINUTES  
CYPRESS FOREST PUBLIC UTILITY DISTRICT

September 4, 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 4th day of September, 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 John Howell of The GMS Group, LLC; Stephanie Bowden of Environmental Development Partners, LLC ("EDP"); Kim Shelnett of Myrtle Cruz, Inc.; Nabil Joubran of Pepe Engineering, Ltd. ("Pepe Engineering"); Esther Flores and Patrick 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").

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.

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 Board concurred to remove the engineer's report from the Consent Agenda.

Upon a motion made by Director Petrick and seconded by Director Normand, the Board voted unanimously to approve the remaining items included on the Consent Agenda, including the minutes of the meeting held August 7, 2018. Copies of the bookkeeper's report, tax assessor/collector's report, engineer's report, and operator's report are attached.

#### AUTHORIZE AUDITOR TO CONDUCT AUDIT

The Board discussed preparation of the District's audit for fiscal year ending September 30, 2018. Following review and discussion, Director Normand moved to authorize Roth & Eyring, PLLC to conduct the District's audit for fiscal year end September 30, 2018. Director Petrick seconded the motion, which was approved by unanimous vote.

#### ADDITIONAL TAX ASSESSMENT AND COLLECTION ACTIONS

There were no additional tax assessment or collection actions.

#### WCA WASTE CORPORATION OF TEXAS ("WCA") RECYCLING PROCESSING FEE

The Board reviewed correspondence from WCA regarding implementation of a Recycling Processing Fee in the amount of \$0.92 per month per home. A copy of the correspondence is attached. Discussion ensued regarding the rates for solid waste collection and recycling services pursuant to the District's Residential Solid Waste Collection Contract with WCA and the term of the contract. Following review and discussion, Director Vanis moved to accept WCA's implementation of the Recycling Processing Fee. Additional discussion ensued regarding the impact of the fee on the District's budget. Director Petrick seconded the motion, which was approved by unanimous vote.

#### ADOPT AMENDED RATE ORDER

The Board considered adopting an Amended Rate Order to increase the sewer charge for Single Family Residential and Non-Taxable Users due to WCA's implementation of a Recycling Processing Fee in the amount of \$0.92 per month per home. Following review and discussion, Director Petrick moved to adopt an Amended Rate Order to increase the sewer charge for Single Family Residential and Non-Taxable Users from \$40.00 to \$41.00. Director Fryfogle seconded the motion, which was approved by unanimous vote.

#### ADDITIONAL FINANCIAL AND BOOKKEEPING ACTION ITEMS

Ms. Shelnutt presented two additional checks for payment of invoices submitted for expenses for the Cypress Forest Park and the District's Administrative Building. Following review and discussion, Director Petrick moved to authorize execution of the two additional checks. Director Vanis seconded the motion, which was approved by unanimous vote.

## ANNUAL REVIEW OF INVESTMENT POLICY

The Board conducted an annual review of the District's Investment Policy. There were no recommended changes to the policy. Following review and discussion, Director Normand moved to adopt a Resolution Regarding Annual Review of Investment Policy. Director Petrick seconded the motion, which was approved by unanimous vote.

## DEPOSITORY INSTITUTIONS AND QUALIFIED BROKER/DEALERS

The Board reviewed the District's list of authorized depository institutions and qualified broker/dealers updated by the District's bookkeeper. Following review and discussion, Director Normand moved to adopt a Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with whom the District May Engage in Investment Transactions. Director Petrick seconded the motion, which was approved by unanimous vote.

## HOMEOWNERS ASSOCIATION MATTERS

Director DiCioccio reported on matters discussed during a recent meeting of the Champion Forest Homeowners Association ("CF HOA").

## 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 the planned removal of trees damaged by lightning.

## ADDITIONAL ENGINEERING ACTION ITEMS

Mr. Joubran reported that the District's contracts with Horseshoe Construction, Inc. ("Horseshoe") for the sanitary sewer rehabilitation project in Champion Forest, Sections 1 and 2 are ready for execution. Mr. Joubran responded to Board members' questions regarding construction procedures. Discussion ensued regarding additional options for communicating with the impacted residents regarding the project. Following review and discussion, Director Vanis moved to authorize execution of the contracts with Horseshoe, subject to approval of the payment and performance bonds and review of the certificate(s) of insurance and endorsements, if any, provided by the contractor. Director Petrick seconded the motion, which was approved by unanimous vote.

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 that ABHR reviewed and provided comments on a Right-of-Way Consent Agreement required by ExxonMobil Pipeline Company. A copy of the agreement is attached to the engineer's report. Following review and discussion, Director Normand moved to authorize execution of

the Right-of-Way Consent Agreement with ExxonMobil Pipeline Company. Director Vanis seconded the motion, which was approved by unanimous vote.

Mr. Joubran reported that, as approved by the Board at the August 7, 2018, meeting, an invoice from Bean Consulting, LLP in the amount of \$6,300.00 has been submitted by Sander Engineering, the engineering consultant for Cy-Champ Public Utility District ("Cy-Champ PUD"), for the District's share of the costs for repair of the trestle facility carrying the District's main water line interconnection with Cy-Champ PUD and Cy-Champ PUD's sanitary sewer force main. Following review and discussion, Director Petrick moved to approve the invoice as submitted. Director Vanis seconded the motion, which was approved by unanimous vote.

Mr. Joubran reported on a roadway improvement project along Champions Drive, south of Cypress Creek, to be performed by Harris County. He stated that the project requires relocation of the District's interconnect water line with Cy-Champ PUD located within Harris County's right-of-way. He stated that Champions Municipal Utility District ("Champions MUD") wants to participate in the District's interconnect water line with Cy-Champ PUD. He reviewed a proposed summary of costs for relocating the interconnect water line to be shared by the District, Cy-Champ PUD, and Champions MUD. He stated that the District's estimated share of the relocation costs is approximately \$13,333.00 based on bids received for the project in the approximate amount of \$41,000.00. Following review and discussion, Director Vanis moved to: (1) authorize the District's participation in one-third of the costs of relocating the District's interconnect water line with Cy-Champ PUD in the approximate amount of \$13,333.00; and (2) approve Champions MUD as a participant in the interconnect water line. Director Petrick seconded the motion, which was approved by unanimous vote.

#### 2018 TAX RATE AND BUDGET FOR FISCAL YEAR END SEPTEMBER 30, 2019

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.

Ms. Shelnutt reviewed a draft budget for fiscal year end September 30, 2019, and charts forecasting operating reserves at fiscal years ending September 30, 2019, and 2020, copies of which are attached. Modifications of revenue and expense line items were discussed. Following discussion, Director Fryfogle moved to adopt the budget for fiscal year end September 30, 2019, as modified. Director Petrick seconded the motion, which was approved by unanimous vote.

After review and discussion, Director Petrick 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 2, 2018, and authorize Tax Tech, Inc., to publish the required notice of

the hearing in a qualified local newspaper. Director Vanis seconded the motion, which passed by unanimous vote.

#### WASTEWATER CONVEYANCE PROJECT

Mr. Joubran reported that the Sanitary Sewer Force Main and Reclaimed Water Line Easement for Champions MUD's projects consisting of: (1) construction of a sanitary force main line to convey its wastewater to the Kleinwood Regional Wastewater Treatment Plant (the "KRWTP"); and (2) installation of an effluent water main line has been executed. He stated that the executed Acknowledgement and Consent for the easement has not yet been received from Cypress/Raveneaux, LLC. He discussed coordination with EDP on review of the plans for the sanitary force main line.

#### RECLAIMED WATER SUPPLY PROJECT

Mr. Joubran reported on the status of the proposed effluent reuse treatment facility to be constructed in the vicinity of 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. Discussion ensued regarding the project.

#### KRWTP MATTERS

Director Petrick reported on KRWTP operations and maintenance matters.

#### HURRICANE HARVEY RELATED MATTERS

Mr. Joubran discussed 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. He discussed design considerations related to raising the height of equipment.

#### ADDITIONAL DISTRICT FACILITY OPERATIONS ACTION ITEMS

Ms. Bowden updated the Board on efforts to collect an outstanding back charge to a contractor for a damaged water main line.

Ms. Bowden reviewed customer correspondence requesting an adjustment to a high residential utility bill for irrigation water use. She reviewed the historical usage on the account. Following review and discussion, the Board requested EDP to perform additional investigation of the matter and report back.

## CONDUCT HEARING ON TERMINATION OF WATER SERVICE

The Board conducted a hearing on the termination of water service. Ms. Bowden 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 Petrick 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 Normand and passed by unanimous vote.

## NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY ("NHCRWA")

Director DiCioccio reported that the monthly meeting of the NHCRWA is scheduled September 10, 2018.

## 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 4:00 p.m. on October 2, 2018, 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 4, 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
Engineer's report.....	2
Operator's report.....	2
correspondence from WCA.....	2
Tax rate analysis.....	4
Draft budget for fiscal year end September 30, 2019 .....	4
Charts forecasting operating reserves.....	4