

MINUTES
CYPRESS FOREST PUBLIC UTILITY DISTRICT

September 3, 2019

The Board of Directors (the "Board") of Cypress Forest Public Utility District, (the "District"), met in regular session, open to the public, on the 3rd day of September, 2019, 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 |
| 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 Joe Gomen and Marti Schwind, residents of the District; Mary Matthews and Barb Smith of the Champion Forest Maintenance Fund, Inc. (the "CF HOA") and residents of the District; Kim Shelnett of Myrtle Cruz, Inc.; Esther Flores of Tax Tech, Inc.; John Howell of The GMS Group, LLC; Josh Fort of Champions Hydro-Lawn, Inc.; Nabil Joubran of Pepe Engineering, Ltd.; Andrew Phelps of Environmental Development Partners, LLC ("EDP"); and Greer Pagan and Justine M. Cherne of Allen Boone Humphries Robinson LLP.

PUBLIC COMMENTS

Ms. Schwind thanked the Board for the District's planned assumption of the CF HOA's contract with Harris County Constable Precinct 4 for security services on the contract renewal date of March 1, 2020.

CONSENT AGENDA:

APPROVE MINUTES

FINANCIAL AND BOOKKEEPING, INCLUDING PAYMENT OF BILLS

TAX ASSESSMENT AND COLLECTION, INCLUDING PAYMENT OF BILLS

OPERATION OF DISTRICT FACILITIES

Upon a motion made by Director Vanis 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 August 6, 2019. Copies of the bookkeeper's report, tax assessor/collector's report, and operator's report are attached.

ADDITIONAL FINANCIAL AND BOOKKEEPING ACTION ITEMS

Ms. Shelnutt reviewed with the Board one additional check for payment of meeting expenses. Following review and discussion, Director Vanis moved to approve the additional check. Director Normand seconded the motion, which was approved by unanimous vote.

HOMEOWNERS ASSOCIATION MATTERS

Director DiCioccio reported on topics discussed at the CF HOA's monthly meeting.

PROPOSED RAVENEAUX TRACT DEVELOPMENT, LEASE TRACT MAINTENANCE, RECLAIMED WATER SUPPLY PROJECT, AND COMMUNICATIONS WITH HARRIS COUNTY REPRESENTATIVES

Mr. Pagan reviewed amendments to the District's Lease Agreement and Agreement for Reclaimed Water Service with Cypress/Raveneaux, LLC. Following review and discussion, Director Fryfogle moved to authorize execution of (1) a First Amendment to Lease Agreement; and (2) a First Amendment to Agreement for Reclaimed Water Service with Cypress/Raveneaux, LLC. Director Normand seconded the motion, which was approved by unanimous vote.

ADDITIONAL TAX ASSESSMENT AND COLLECTION ACTIONS

Ms. Flores discussed the District's certified 2019 assessed value.

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 mowing maintenance, damage and unauthorized use of the bubbler irrigation system, tree removal, and weeding and mulching of flower beds. Director Normand reported that Bella Terra Care, Inc. repaired damaged electrical wiring and installed wiring for two irrigation system controllers as previously authorized.

ENGINEER'S REPORT

Mr. Joubran presented the engineer's report, a copy of which is attached. Mr. Joubran stated that the long term Capital Improvement Plan and short term cash flow analysis will be updated after the Board adopts its budget for fiscal year end September 30, 2020.

Mr. Joubran responded to Board members' questions regarding the status of regulatory agency review of the plans for the District's generator replacement and electrical system project.

Mr. Joubran reported on the status of the District's repair project for the sanitary sewer collection lines in Champion Forest Sections One and Two and trunk lines along Champion Drive (the "SS Repair Project"). He discussed the schedule and scope of work for re-routing the sanitary sewer line under Champion Drive due to the location of other utilities in the original route. He responded to Board members' questions regarding communications with residents, efforts to minimize disruption to residents and businesses, and planned restoration of an esplanade. Mr. Joubran recommended approval of Pay Estimate No. 10 in the amount of \$45,086.99, for payment to Horseshoe Construction, Inc. for the SS Repair Project. After review and discussion, Director Petrick moved to approve Pay Estimate No. 10, as presented. Director Vanis seconded the motion, which passed by unanimous vote. A copy of the pay estimate is attached to the engineer's report.

WASTEWATER CONVEYANCE PROJECT

Mr. Joubran reminded the Board that Champions Municipal Utility District's ("CMUD") project to construct a sanitary force main line to convey wastewater to the Kleinwood Regional Wastewater Treatment Plant ("KRWTP"), through Cypress Forest Park, including the tie-in to the District's trunk lines in Cypresswood Drive (the "CMUD Wastewater Conveyance Project") is complete. Mr. Joubran recommended approval of an invoice submitted by the contractor for the CMUD Wastewater Conveyance Project, Persons Services, for replacement of six feet of the top portion of the manhole located in the esplanade at the Champion Forest Drive intersection in the amount of \$7,854.00. A copy of the invoice is included in the engineer's report. Mr. Joubran stated that the cost will be shared pursuant to the District's Amended and Restated Joint Trunk Sewer Line Agreement with Cy-Champ Public Utility District and Louetta North Public Utility District. Mr. Joubran reported on coordination with Persons Services and EDP to reduce sewage flow through the trunk lines during the upcoming lining project for the manhole. Following review and discussion, Director Petrick moved to approve the invoice from Persons Services in the amount of \$7,854.00. Director Vanis seconded the motion, which was approved by unanimous vote.

Mr. Pagan reported that the previously approved First Amended and Restated Wastewater Transmission Agreement with CMUD is ready for execution.

RECLAIMED WATER SUPPLY PROJECT (CONTINUED)

Director Petrick stated that the District's proposed reclaimed water plant facility project is pending Cypress/Raveneaux, LLC's execution of the previously approved amended agreements. He discussed an inquiry regarding a proposed reclaimed water project for the ponds in Sterling Gate Estates.

ADDITIONAL DISTRICT FACILITY OPERATIONS ACTION ITEMS, INCLUDING CUSTOMER CORRESPONDENCE AND BILLINGS

Mr. Phelps discussed the schedule for reducing sewage flow through the sanitary sewer trunk lines during the upcoming lining project for the manhole located in the esplanade at the Champion Forest Drive intersection. He stated he was coordinating with the CF HOA on public communications regarding the project.

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 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 (THE "NHCRWA")

Director DiCioccio reported that the NHCRWA meets September 9, 2019.

PUBLIC COMMUNICATIONS

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

The Board discussed website proposals previously received from Off Cinco and Triton Consulting Group, LLC. Following review and discussion, Director Petrick moved to approve the proposal from Off Cinco to include a fixed layout in the amount of \$1,500.00, a required Secured Sockets Layer certificate in the amount of \$200.00, and unlimited updates with document monitoring, email and text alerts, and a required domain based email account in the total amount of \$460.00 per month. Director Vanis seconded the motion, which was approved by unanimous vote. The Board authorized Director Petrick to provide a 30-day notice of termination of website services to The Texas Network.

KRWTP OPERATIONS

Director Petrick reported on KRWTP operations.

2019 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. Mr. Howell 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 Petrick moved to (1) set a public hearing date for 4:00 p.m. on October 1, 2019, 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; and (2) 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.

RENEWAL OF PROMISSORY NOTE

Mr. Howell reminded the Board of prior discussion regarding refinancing the District's Promissory Note maturing on December 1, 2019, with the Bank of Texas. Following discussion, the Board concurred to authorize Mr. Howell and Mr. Pagan to coordinate on preparing the necessary documents for refinancing the District's Promissory Note with the Bank of Texas.

BUDGET FOR FISCAL YEAR END SEPTEMBER 30, 2020, AND CONTRACT FOR SECURITY SERVICES

Ms. Shelnutt presented a revised draft budget for fiscal year end September 30, 2020. Revisions to revenue and expense line items were discussed. Following review and discussion, Director Fryfogle moved to adopt the budget for fiscal year end September 30, 2020, as revised. Director Vanis seconded the motion, which was approved by unanimous vote.

MEETING SCHEDULE AND AGENDA

The Board discussed its meeting schedule and items for inclusion on the meeting agenda. Following discussion, the Board concurred to hold its regular meeting at 4:00 p.m. on October 1, 2019, to allow for the District's participation in the community'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 3, 2019, BOARD MEETING]



Secretary, Board of Directors

(SEAL)



LIST OF ATTACHMENTS TO MINUTES

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