

MINUTES
CYPRESS FOREST PUBLIC UTILITY DISTRICT

February 5, 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 5th day of February, 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:

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 Robert Jackson, Lou Mills, and Peter Sattler, residents of the District; Barb Smith of the Champion Forest Maintenance Fund, Inc. (the "CF HOA") and resident of the District; Lance Wilson, Commissioner of Harris County Emergency Service District No. 16 ("HC ESD 16"); Michael Willet of Touchstone District Services; Andrew Phelps of Environmental Development Partners, LLC ("EDP"); Kim Shelnutt of Myrtle Cruz, Inc.; Derek Michael of Sales Revenue, Inc. ("SRI"); Nabil Joubran of Pepe Engineering, Ltd. ("Pepe Engineering"); Laura Flores of Tax Tech, Inc.; Les Griffith and Josh Fort of Champions Hydro-Lawn, Inc. ("CHL"); and Justine M. Cherne of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENTS

Director DiCioccio opened the meeting to receive public comments.

Mr. Willet introduced himself as the Content and Services Director for HC ESD 16 and introduced Mr. Wilson to the Board. Mr. Wilson explained that HC ESD 16 is a political subdivision of the State of Texas serving as a taxing district to support fire suppression and rescue services. He stated that HC ESD 16 contracts with Klein Volunteer Fire Department as the provider of fire and rescue services to the community. He invited the Board to attend HC ESD 16's monthly public Board of Commissioners meetings held on the second Monday of each month at the Klein Volunteer Fire Department Administration Building.

Mr. Jackson addressed the Board regarding potential acquisitions of District property for trail development between Meyer Park and Cypress Forest Park for the Cypress Creek Greenway and/or flood control improvements.

There being no additional public comments, Director DiCioccio closed the meeting to public comments. Copies of the completed Public Comment Cards are attached.

PROPOSED RAVENEAUX TRACT DEVELOPMENT AND LEASE TRACT MAINTENANCE

There was no discussion regarding the status of a proposed development project for the Raveneaux Country Club tract.

COMMUNICATIONS WITH HARRIS COUNTY REPRESENTATIVES

Director Petrick reported on discussions held with representatives of Harris County Precinct 4 ("HCP4") and Harris County Flood Control District ("HCFCD") regarding potential acquisitions of District property for trail development between Meyer Park and Cypress Forest Park for the Cypress Creek Greenway and/or flood control improvements. He stated that HCFCD is expected to perform an appraisal of 285 acres of District park property prior to future discussions regarding the matter.

RECLAIMED WATER SUPPLY PROJECT

Director Petrick reported on his discussions with David Key of the Raveneaux Country Club regarding easements required for the proposed effluent reuse treatment facility to be constructed in the vicinity of the Kleinwood Regional Wastewater Treatment Plant (the "KRWTP") and the District's reclaimed water supply project. He stated that the Raveneaux Country Club agreed to grant an easement to the KRWTP for the reclaimed water distribution lines. He stated that the owners of the Raveneaux Country Club are delaying consideration of the proposed location of the District's reclaimed water plant within acreage leased to the club, pending discussions with representatives of Harris County.

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 January 8, 2019. 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 items.

ADOPT RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

The Board considered establishing the District's tax exemptions for the 2019 tax year and reviewed a proposed Resolution Concerning Exemptions from Taxation. Following review and discussion, Director Normand moved to adopt a Resolution Concerning Exemptions from Taxation, which provides for the exemption from ad valorem taxation the amount of \$100,000 of the appraised value of residence homesteads of individuals who are disabled or are sixty-five years of age or older, and rejects the general residential homestead exemption. Director Petrick seconded the motion, which was approved by unanimous vote.

ASSOCIATION OF WATER BOARD DIRECTORS ("AWBD") CONFERENCES

The Board discussed topics presented during the AWBD winter conference. Following discussion, Director Fryfogle moved to approve reimbursement of eligible expenses and authorize Directors' attendance at the AWBD summer conference. Director Petrick seconded the motion, which was approved by unanimous vote.

ADDITIONAL FINANCIAL AND BOOKKEEPING ACTION ITEMS

Ms. Shelnutt presented one additional check for reimbursement of District Administrative Building expenses. Following review and discussion, Director Normand moved to authorize execution of the additional check. Director Fryfogle seconded the motion, which was approved by unanimous vote.

SALES TAX AND REVENUE TRACKING REPORT

Mr. Michael presented a memorandum regarding 2018 City of Houston Business List Update Review-Missing Payment Report. He reviewed a report regarding District Sales and Use Tax Allocation Graphic Models and responded to Board members' questions. Copies of the memorandum and report are attached.

HOMEOWNERS ASSOCIATION MATTERS

Director DiCioccio reported on District topics discussed during a meeting of the CF HOA held February 4, 2019.

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 mulching of flower beds and a dead tree needing removal. Director Normand reported that 150 trees donated by Trees for Houston and a magnolia tree donated by a resident of the District were planted in Cypress Forest Park by Bella Terra Care, Inc.

Director Normand reported on CHL's temporary repair of the void under the portion of the trail located under the bridge to prevent additional trail erosion as

previously approved by the Board. Mr. Fort described the repairs performed. Following discussion, the Board concurred to authorize Director Normand to coordinate with CHL on additional repairs to the trail.

Director Vanis reported that a portion of the trail located west of Champion Forest Drive is frequently wet and muddy. Discussion ensued regarding possible alternatives for addressing the matter. Following discussion, the Board authorized Mr. Joubran to review the site to determine the repairs needed and the preliminary estimated cost of the repairs.

Director Normand stated he would discuss proposed repairs needed for two sinkholes on the park property with Greg French of the Raveneaux Country Club.

ENGINEER'S REPORT

Mr. Joubran presented the engineer's report, a copy of which is attached. Mr. Joubran reported that as part of the District's Capital Improvement Plan, televising of the sanitary sewer lines in Champion Forest Section Three will begin on February 11, 2019. He discussed notification procedures for the impacted residents of the District and the proposed schedule for the potential rehabilitation project. He responded to Board members' questions regarding the cost of the televising.

Mr. Joubran reported on the status of Horseshoe Construction, Inc.'s televising and the progress of rehabilitation for the District's repair project for the sanitary sewer collection lines in Champion Forest Sections One and Two and trunk lines along Champion Drive. He discussed the schedule for the project, including rain delays and a planned increase in the number of workers for the project. He reviewed and recommended approval of Pay Estimate Nos. 2 and 3 in the amounts of \$16,427.73 and \$44,561.07, respectively, submitted by Horseshoe Construction, Inc. Copies of the pay estimates are included in the engineer's report. Following review and discussion, Director Vanis moved to approve the pay estimates as recommended. Director Fryfogle 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. ("Canyon"). He stated the final segment of the water line was installed using an alternate method necessitating contract quantity changes. He reviewed and recommended approval of Pay Estimate No. 3 in the amount of \$17,632.50, submitted by Canyon. A copy of the pay estimate is included in the engineer's report. Mr. Joubran reminded the Board that District & Urban (Texas) Inc. is paying the pay estimates and invoices for the project pursuant to its Development Financing Agreement with the District. Following review and discussion, Director Vanis moved to approve the pay estimate as recommended. Director Fryfogle seconded the motion, which was approved by unanimous vote.

Mr. Joubran reviewed and recommended approval of Change Order No. 1 to the contract with Canyon for construction of an eight-inch water line along Louetta Road to serve an eight-acre commercial tract to increase the contract in the amount of \$27,963.41. The Board determined that Change Order No. 1 is beneficial to the District. After review and discussion, Director Vanis moved to approve Change Order No. 1 in the amount of \$27,963.41 as an increase to the contract with Canyon, based upon the Board's finding that the Change Order is beneficial to the District and the engineer's recommendation. Director Fryfogle seconded the motion, which passed by unanimous vote.

Mr. Joubran reported on his review of a collapsing portion of trail on the east side of the Cypress Forest Park due to a collapsing storm sewer pipe south of the Cypresswood lake. He stated that the preliminary estimated cost to repair the site is \$13,000.00 to \$27,000.00.

Mr. Joubran responded to Board members' questions regarding the Capital Improvement Plan and stated he will verify the opinion of probable costs and report back as discussed.

HURRICANE HARVEY RELATED MATTERS

Mr. Phelps responded to Board members' questions regarding EDP's continued coordination with the Federal Emergency Management Agency ("FEMA") on additional reimbursements to the District for the costs of damages caused by Hurricane Harvey and approval of the District's pending mitigation and generator replacement projects. He stated that, as previously reported, FEMA is requiring a third party evaluation to validate the assessment made for the condition of the existing electrical equipment in connection with the District's generator replacement and electrical system upgrades project at water plant no. 2. He stated that he recommends moving forward with the project whether or not reimbursement of the costs are expected from FEMA. Mr. Joubran responded to Board members' questions regarding agency submittals needed for the project. Following discussion, the Board concurred with moving forward with the District's generator replacement and electrical system upgrades project at water plant no. 2.

HOMEOWNERS ASSOCIATION MATTERS (CONTINUED)

Ms. Smith reported on CF HOA matters and responded to Board members' questions.

WASTEWATER CONVEYANCE PROJECT

The Board discussed the status of Champions Municipal Utility District's ("Champions MUD") 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. Director Petrick reported that the Sanitary Sewer Force Main and Reclaimed

Water Line Easement granted by the District to Champions MUD has been recorded. Mr. Joubran reported that award of the construction contract for Champions MUD's projects continues to be withheld, pending resolution of matters with Champions Golf Course and possible rerouting of the sanitary force main due to a possible relocation of the KRWTP's proposed effluent metering station. He stated that additional easements and/or easement modifications may be necessary to accommodate any change in the locations of the effluent metering station and the effluent water main line.

RECLAIMED WATER SUPPLY PROJECT (CONTINUED)

Mr. Joubran reported that Pepe Engineering did not perform surveying services or prepare a legal description of the proposed site of the District's reclaimed water plant to forward to ABHR to prepare an easement and related release documents. Director Petrick stated that, as he previously reported, the owners of the Raveneaux Country Club are delaying consideration of the proposed location of the District's reclaimed water plant within acreage leased to the club, pending discussions with representatives of Harris County.

Director Petrick discussed the District's Reclaimed Water Supply Agreement with the participants of the KRWTP and reported that the engineer for the KRWTP is anticipated to provide an updated estimate of costs for the proposed effluent reuse treatment facility at the February 6, 2019, meeting of the Kleinwood Joint Powers Board. Discussion ensued regarding whether the potential acquisitions of District property for trail development and/or flood control improvements would have any impact on the District's reclaimed water supply project. Additional discussion ensued regarding anticipated effluent water rates, potential end users of the effluent, and application of the North Harris County Regional Water Authority's (the "NHCRWA") credit program.

KRWTP MATTERS

Director Petrick and Mr. Phelps reported on KRWTP operations and maintenance matters.

ADDITIONAL DISTRICT FACILITY OPERATIONS ACTION ITEMS

Mr. Phelps reported that, as discussed in prior Board meetings, the Texas Commission on Environmental Quality (the "TCEQ") is citing the District with a violation for failure to provide TCEQ approval letters for the District's well nos. 1 and 2. He stated that the TCEQ is requiring submission of a letter of exception to resolve the matter. He recommended that Pepe Engineering perform the procedures necessary to submit the letter of exception to the TCEQ. Mr. Joubran stated that the procedures could be performed as part of Pepe Engineering's general engineering services. Following discussion, the Board authorized Pepe Engineering to perform the procedures necessary to submit the letter of exception to the TCEQ.

Mr. Phelps reported that Champions MUD completed painting of its elevated storage tank and is no longer receiving water through the District's interconnect water line. He stated that an invoice in the amount of \$104,636.00 will be presented to Champions MUD for water supplied pursuant to the District's Emergency Water Supply Contract with Champions MUD. A copy of the invoice is included in the operator's report.

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.

NHCRWA MATTERS

Mr. Joubran briefly reviewed a summary of items discussed during the monthly meeting of the NHCRWA included in the engineer's report.

PUBLIC COMMUNICATIONS

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

COMMUNICATIONS WITH HARRIS COUNTY REPRESENTATIVES (CONTINUED)

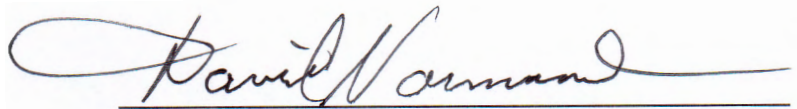
Director Normand discussed the potential acquisitions of District property for trail development between Meyer Park and Cypress Forest Park and/or flood control improvements. He recommended that the Directors review Section 10 of the District's Lease Agreement and discussed whether there was any reason to meet with the appraiser.

MEETING SCHEDULE AND AGENDA

The Board discussed its meeting schedule and items for inclusion on its meeting agenda. Following discussion, the Board concurred to hold its regular meeting at 5:00 p.m. on March 5, 2019, 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 FEBRUARY 5, 2019, BOARD MEETING]


Secretary, Board of Directors

(SEAL)



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