

MINUTES
CYPRESS FOREST PUBLIC UTILITY DISTRICT

August 6, 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 6th day of August, 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 Mary Matthews and Barb Smith of the Champion Forest Maintenance Fund, Inc. (the "CF HOA") and residents of the District; Mark Eyring of Mark C. Eyring, CPA, PLLC; Kim Shelnett of Myrtle Cruz, Inc.; Esther Flores of Tax Tech, Inc.; Shannon Waugh of Off Cinco; John Howell of The GMS Group, LLC; Josh Fort of Champions Hydro-Lawn, Inc. ("CHL"); Nabil Joubran of Pepe Engineering, Ltd. ("Pepe Engineering"); Andrew Phelps of Environmental Development Partners, LLC; and Greer Pagan and Justine M. Cherne of Allen Boone Humphries Robinson LLP.

PUBLIC COMMENTS

There were no public comments.

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 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 July 2, 2019. Copies of the bookkeeper's report, tax assessor/collector's report, and operator's report are attached.

ENGAGE AUDITOR TO CONDUCT AUDIT

Mr. Eyring presented an engagement letter for annual auditing services in the amount of \$10,950.00 for each of the District's fiscal years ending September 30, 2019, and 2020. Following review and discussion, Director Normand moved to authorize execution of the engagement letter. 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.

2019 TAX RATE

The Board concurred to defer this item pending receipt of certified assessed values from the Harris County Appraisal District.

PUBLIC COMMUNICATIONS

Ms. Waugh presented a proposal for website re-design, hosting, maintenance, and additional services, including email and text alerts, a copy of which is attached, and responded to Board members' questions. Discussion ensued regarding the available options for website services. Following review and discussion, the Board concurred to additionally review and discuss the website proposals received from Ms. Waugh and Triton Consulting Group, LLC at the September regular meeting.

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

ADDITIONAL FINANCIAL AND BOOKKEEPING ACTION ITEMS

Ms. Shelnutt reviewed two additional checks for payment of meeting and Administrative Building expenses. Following review and discussion, Director Normand moved to approve the additional checks. Director Petrick 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.

Ms. Smith requested the District's participation in the Champion Forest Women's Club's National Night Out Event scheduled October 1, 2019. Following discussion, Director Normand moved to authorize payment for the District's participation in the Champion Forest Women's Club's National Night Out Event in the amount of \$1,000.00. Director Petrick seconded the motion, which was approved by unanimous vote.

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

Directors Petrick and Normand reported on their discussions with representatives of the Raveneaux Country Club related to easements needed for the meter station and connection facilities for the District's proposed reclaimed water plant facility and the rates and charges included in the District's Agreement for Reclaimed Water Service with Cypress/Raveneaux LLC. Following review and discussion, Director Vanis moved to authorize preparation of an amendment to the District's Agreement for Reclaimed Water Service with Cypress/Raveneaux LLC to include a change in the rates and charges for the total amount of reclaimed water delivered after the Recovery Period, as defined in the District's Reclaimed Water Supply Agreement with the Kleinwood Joint Powers Board and the participants in the Kleinwood Regional Wastewater Treatment Plant (the "KRWTP"). Director Petrick seconded the motion, which was approved by unanimous vote.

In response to Directors' inquiries regarding ownership of the irrigation well located on the leased Raveneaux Country Club tract, Mr. Pagan stated that the Raveneaux Country Club owns the well during the period of the Lease Agreement.

Director Normand reported on his discussions with representatives of the Raveneaux Country Club related to maintenance of the lease tract. Discussion ensued regarding the possible sale of a six-acre portion of the Raveneaux Country Club's property.

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

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. He recommended approval of a cost estimate from Bella Terra Care, Inc. for replacing damaged electrical wiring and installing wiring for two controllers for the irrigation system in the amount of \$5,340.00. A copy of the cost estimate is attached. Following review and discussion, Director Normand moved to approve the cost estimate. Director Vanis seconded the motion. Following additional discussion regarding the location of the controllers, the motion passed by unanimous vote.

Director Normand recommended approval of a cost estimate from CHL for removal of three trees from the park in the approximate amount of \$2,600.00, a copy of which is attached. Following review and discussion, Director Normand moved to approve the cost estimate. Director Fryfogle seconded the motion. Following

additional discussion regarding whether additional trees needed to be removed from the park, the motion passed by unanimous vote.

RENEWAL OF PROMISSORY NOTE (CONTINUED)

Mr. Howell recommended that the Board refinance the District's Promissory Note with the Bank of Texas. He stated that the note is scheduled to mature December 1, 2019. He discussed the District's financing requirements and budget and market rates for refinancing the note. He discussed the Bank of Texas' preliminary proposed loan terms. Following discussion, the Board concurred to authorize Mr. Howell and Mr. Pagan to coordinate on 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. Shelnett presented a draft budget for fiscal year end September 30, 2020. Discussion ensued regarding revisions to budget line items. Following review and discussion, Ms. Shelnett stated she will update the draft budget and present a revised budget at the September Board meeting.

Director Fryfogle reported on the impact of assuming the CF HOA's contract with Harris County Constable Precinct 4 for security services on the District's budget. Discussion ensued regarding the costs and the area to be included in the proposed contract. Following discussion, Director Fryfogle moved to authorize the District to assume the CF HOA's contract with Harris County Constable Precinct 4 for security services beginning on the contract renewal date of March 1, 2020, in the approximate amount of \$231,000.00, annually. Director Petrick seconded the motion, which was approved by unanimous vote. The Board requested Pepe Engineering to coordinate with the CF HOA to provide the District's boundary map as the area to be included in the contract.

ENGINEER'S REPORT

Mr. Joubran presented the engineer's report, including an updated long term Capital Improvement Plan and short term cash flow analysis. A copy of the engineer's report is attached.

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"), including Pepe Engineering's coordination with the contractor on any homeowner concerns. Mr. Joubran reviewed and recommended approval of Change Order No. 4 to the contract with Horseshoe Construction, Inc. ("Horseshoe") for the SS Repair Project to increase the contract in the amount of \$17,729.16. He stated the change order is for an additional scope of work to correct the elevation of a manhole. He additionally recommended approval of the

addition of 10 days to the duration of the contract for the additional work. Following discussion, the Board determined that Change Order No. 4 is beneficial to the District. After review and discussion, Director Vanis moved to approve Change Order No. 4 in the amount of \$17,729.16 as an increase to the contract with Horseshoe and the addition of 10 days to the duration of the contract, based upon the Board's finding that the change order is beneficial to the District and the engineer's recommendation. Director Normand seconded the motion, which was approved by unanimous vote. A copy of the change order is attached to the engineer's report.

Mr. Joubran reviewed and recommended approval of Change Order No. 5 to the contract with Horseshoe for the SS Repair Project to increase the contract in the amount of \$18,790.68. He stated the change order is for an additional scope of work to change the route of the sanitary sewer line under Champion Drive due to the location of other utilities in the original route. He additionally recommended approval of the addition of 30 days to the duration of the contract for the additional work. Following discussion, the Board determined that Change Order No. 5 is beneficial to the District. After review and discussion, Director DiCioccio moved to approve Change Order No. 5 in the amount of \$18,790.68 as an increase to the contract with Horseshoe and the addition of 30 days to the duration of the contract, based upon the Board's finding that the change order is beneficial to the District and the engineer's recommendation. Director Petrick seconded the motion, which was approved by unanimous vote. A copy of the change order is attached to the engineer's report.

Mr. Joubran discussed the need for additional field staff inspection hours for the SS Repair Project due to the additional scope of work to be performed by Horseshoe. Following discussion, Director Normand moved to authorize additional project management expenditures for the SS Repair Project in the amount of \$11,880.00. Director Vanis seconded the motion, which was approved by unanimous vote.

Mr. Joubran recommended approval of Pay Estimate No. 9 in the amount of \$23,058.00, for payment to Horseshoe for the SS Repair Project. After review and discussion, Director Vanis moved to approve Pay Estimate No. 9, as presented. Director Petrick 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 reported that Champions Municipal Utility District's ("CMUD") project to construct a sanitary force main line to convey wastewater to the 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. He stated that the force main line has passed testing and CMUD is ready to begin conveying wastewater to the KRWTP.

Mr. Joubran recommended approval of a proposal submitted by the contractor for the CMUD Wastewater Conveyance Project, Persons Services, for replacement of six

feet of the top portion of the manhole in the esplanade at the Champion Forest Drive intersection in the amount of \$7,854.00. A copy of the proposal is included in the engineer's report. Mr. Joubran stated that Persons Services has not yet provided a proposal for lining the entire manhole per Pepe Engineering's request. He recommended authorizing Persons Services to line the manhole in an amount not to exceed \$30,000.00 to prevent delay in completing the CMUD Wastewater Conveyance Project. Following review and discussion, Director Fryfogle moved to (1) approve the proposal from Persons Services for replacement of six feet of the top portion of the manhole in the amount of \$7,854.00; and (2) authorize Persons Services to line the manhole in an amount not to exceed \$30,000.00, as recommended. Director Vanis seconded the motion, which was approved by unanimous vote. Discussion ensued regarding cost share amounts for replacing the top portion and relining of the manhole 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. Pagan discussed an amendment to the District's Wastewater Transmission Agreement with CMUD to provide for an updated route and confirm CMUD's capacity in the sanitary force main line. Following discussion, Director Petrick moved to authorize execution of an amendment to the District's Wastewater Transmission Agreement with CMUD, as discussed. Director Vanis seconded the motion, which was approved by unanimous vote.

Mr. Joubran reported that the Texas Water Development Board is hosting free webinars and a workshop at the City of Houston's City Hall on September 23, 2019, regarding the implementation of flood legislation from the 86th Texas Legislative session.

RECLAIMED WATER SUPPLY PROJECT (CONTINUED) AND KRWTP OPERATIONS

Director Vanis discussed the proposed alternate site for the meter station and connection facilities for the District's proposed reclaimed water plant facility. He reported on KRWTP operations.

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

Discussion ensued regarding the impact of Harris County's road widening and drainage improvement project on the District's emergency interconnect water line with CMUD and anticipated costs for relocating the line.

Mr. Phelps recommended writing off 17 delinquent inactive utility accounts as uncollectible in the total amount of \$7,859.57. Following review and discussion, Director Normand moved to write off the accounts as recommended. Director Petrick seconded the motion, which was approved by unanimous vote.

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 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 (THE "NHCRWA")

Director DiCioccio reported on matters related to the NHCRWA. He noted that a summary of items discussed during the monthly meeting of the NHCRWA is included in the attached engineer's report.

INTERLOCAL AGREEMENT FOR WATER WISE PROGRAM

The Board reviewed an Interlocal Agreement with the Harris-Galveston Subsidence District for sponsorship of students' participation in the Water Wise Program at Brill Elementary School. Following review and discussion, Director Normand moved to authorize execution of the agreement and direct that the agreement be filed appropriately and maintained in the District's official records. Director Petrick seconded the motion, which was approved by unanimous vote.

PUBLIC COMMUNICATIONS (CONTINUED)

The Board discussed proposed communication with the residents regarding the District's assumption of the CF HOA's contract with Harris County Constable Precinct 4 for security services beginning on the contract renewal date of March 1, 2020.

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 September 3, 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 AUGUST 6, 2019, BOARD MEETING]



Secretary, Board of Directors

(SEAL)



LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
Bookkeeper's report.....	1
Tax Assessor/Collector's report.....	1
Operator's report.....	1
Website proposal.....	2
Cost estimate from Bella Terra Care, Inc.	3
Cost estimate from CHL	3
Engineer's report.....	4