

MINUTES OF REGULAR MEETING
OF
CYPRESS FOREST PUBLIC UTILITY DISTRICT

December 7, 2004

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

The Board of Directors of Cypress Forest Public Utility District, Harris County, Texas, met in regular session, open to the public, on the 7th day of December, 2004, at the Cypress Forest Public Utility District's Administrative Building, 16215 Champion Forest Drive, Spring, Texas, 77379, within the boundaries of the District, and the roll was called of the duly constituted officers and members of the Board, to-wit:

Roger P. Balog	President
Michael J. Lynch, Jr.	Vice President
Thomas J. Petrick	Secretary
William J. Lawrence	Assistant Vice President
Deborah L. Jackson	Assistant Secretary

and all of said Directors were present, thus constituting a quorum.

Also present at the meeting were the following: Don Hand of Greenwood Properties, Inc.; Linn Smyth of the Champion Forest Garden Club; Salim Joubran of Pepe Engineering, Ltd.; Sheila Steadman of Myrtle Cruz, Inc.; Esther Flores of Tax Tech, Inc.; Bob Haas of Aqua Services, L.P. ("Aqua Services"); Matthew May of Waste Corporation of America; Joe B. Allen of Allen Boone Humphries LLP ("ABH"); and Justine M. Cherne, Recording Secretary.

Director Balog called the meeting to order.

RECEIVE PUBLIC COMMENTS

Director Balog opened the meeting to receive public comments. No public comments were made.

APPROVE MINUTES

The Board next considered approving the minutes of the District's regular meeting held on November 2, 2004. Following review and discussion, Director Petrick moved that the Board approve the minutes as written. Director Jackson seconded the

motion, which was approved by unanimous vote except for Director Lawrence who was not present for the vote.

RECEIVE UPDATE ON WATER CONSERVATION PROJECT AND AUTHORIZE APPROPRIATE ACTION

Director Petrick updated the Board on the status of the water conservation project. He stated that the project is complete and the irrigation system is working properly. He stated that a meeting has been scheduled by the Champion Forest Maintenance Fund ("Maintenance Fund") to resolve the issue regarding damage to the irrigation system by Insituform Technologies, Inc. He stated that he expects the issue to be resolved prior to the end of the month. He reported that Lawn Escape, Inc. is performing a survey of the irrigation system.

Director Petrick reported that the Maintenance Fund will inquire whether Lawn Escape, Inc. is interested in performing lawn maintenance services for the District once the Maintenance Fund has executed a contract with Lawn Escape, Inc. He stated that the contract is expected to be executed in January. No Board action was necessary.

REVIEW PROPOSALS FOR GARBAGE COLLECTION SERVICES AND AUTHORIZE APPROPRIATE ACTION

The Board next reviewed a proposal comparison chart of garbage collection services proposals from Republic Waste Services, Royal Disposal & Recycling, Waste Corporation of America and Waste Management. Mr. May responded to Directors' questions regarding an alternate proposal. The Board discussed costs and Saturday pick-up options. Following review and discussion, Director Lawrence moved that the Board enter into an agreement with Waste Corporation of America ("WCA") for Monday, Thursday curbside pick-up for the price of \$10.05 per household, with an option to change to Wednesday, Saturday curbside pick-up for the price of \$9.90 after polling the District's residents on pick-up preferences before February. Director Lynch seconded the motion, which was approved by unanimous vote.

BOOKKEEPER'S REPORT

The Board next received the bookkeeper's report and considered payment of the bills. Ms. Steadman presented 35 checks for the Board's approval. She responded to Director Lawrence's inquiry regarding the total amount due for electricity bills received from Reliant and Constellation. Ms. Cherne stated that she will forward Director Lawrence's inquiry to the Legacy Group for review. Ms. Steadman reviewed the year-to-date budget, Maintenance Fund Recap, the fiscal year expenditures for the administrative building and a North Harris County Regional Water Authority Analysis.

Ms. Steadman next reviewed the investment report as required by the Public Funds Investment Act and responded to Directors' questions regarding the amount of the District's funds placed into investment accounts. She stated that three of the District's Certificates of Deposits are due to expire and reviewed interest rates offered by various banks. Mr. Allen explained provisions of the Public Funds Investment Act and Mr. Haas reviewed anticipated expenditures. Following discussion, Director Lynch moved that the Board authorize the District's investment officer to purchase, at the best rates possible, four certificates of deposits, each in the amount of \$95,000, for a term of 180 days, and three certificates of deposits, each in the amount of \$95,000, for a one-year term. Director Lawrence seconded the motion, which was approved by unanimous vote.

Following review and discussion, Director Lawrence moved that the Board approve the bookkeeper's report and authorize payment of the bills. Director Jackson seconded the motion, which was approved by unanimous vote. Copies of the reports and a list of the checks presented for payment are attached as exhibits to these minutes.

AUTHORIZE CONSULTANTS TO PREPARE ANNUAL REPORT IN ACCORDANCE WITH THE DISTRICT'S CONTINUING DISCLOSURE OF INFORMATION AGREEMENT AND AS REQUIRED BY SEC RULE 15c2-12

Mr. Allen informed the Board that the District is required to file an Annual Report in accordance with the Continuing Disclosure of Information Agreement and SEC Rule 15c2-12. He stated that certain financial information and operating data is required to be updated annually due to the covenants contained in the bonds issued by the District. After discussion, Director Lawrence moved that the Board authorize the consultants to prepare the Annual Report. Director Jackson seconded the motion, which was approved by unanimous vote.

TAX ASSESSOR/COLLECTOR'S REPORT

The Board next received the tax assessor/collector's report and considered payment of the tax bills. Copies of the report and a list of the checks presented for payment are attached as an exhibit to these minutes. Ms. Flores stated that 5.70% of the year 2004 taxes had been collected as of the end of the prior month. She then presented 4 checks for approval and reviewed the delinquent list. She reviewed an Annual Tax Report, a copy of which is attached to these minutes. She responded to Directors' questions regarding a tax sale and stated that she will update the Board on the sale through e-mail correspondence. She requested that the Board authorize the inclusion of a notice on the District's utility bills to provide information regarding the District's tax statement. After review and discussion, Director Petrick moved that the tax assessor/collector's report be approved, the tax bills be paid and a notice regarding the District's tax statement be included on the District's utility bills. Director Jackson seconded the motion, which was approved by unanimous vote.

ENGINEER'S REPORT

The Board next received the engineer's report, a copy of which is attached as an exhibit to these minutes. Mr. Joubran updated the Board generally on construction projects within the District and reviewed with the Board the items more particularly described hereafter.

DISCUSS MAINTENANCE PLAN, APPROVE PAY ESTIMATES, CHANGE ORDERS AND TIME EXTENSIONS FOR REHABILITATION OF SANITARY SEWER TRUNK LINES

Mr. Joubran updated the Board on the rehabilitation of the sanitary sewer trunk lines. He stated that the sanitary sewer trunk lines have been substantially cured-in-place. He reported that the contractor is proceeding with the rehabilitation of the sanitary sewer manholes. He presented and recommended approval of Pay Estimate No. 4 in the amount of \$56,610.00 from Insituform Technologies, Inc., a copy of which is attached to these minutes. He stated that the District's portion of the pay estimate is \$33,515.10. He stated that coordination with Director Petrick and the Maintenance Fund is proceeding to resolve the outstanding issue of damage to the irrigation system caused by the contractor.

RECEIVE UPDATE ON SANITARY SEWER INSPECTION BY SOURCE POINT SOLUTIONS, INC.

Mr. Joubran updated the Board on the inspection and televising of 29,140 feet of the sanitary sewer system in Champion Forest Sections One and Two by Source Point Solutions, Inc. He stated that Source Point Solutions, Inc. has completed the inspection and evaluation. He reported that Pepe Engineering, Ltd. is reviewing the report and video tapes to provide a recommendation to the Board at the January meeting.

RECEIVE UPDATE ON DESIGN OF WATER, SEWER AND DRAINAGE FACILITIES FOR RAVENEAUX PLACE HIGHRISE CONDOS, AUTHORIZE EXECUTION OF STORM SEWER EASEMENT

Mr. Joubran updated the Board on the design of utilities to serve the Chateaux Raveneaux Condominiums. He reported that the design of the project is progressing and that the cost of the project was included in Bond Application No. 9. He stated that water line and sanitary sewer easements will be needed for the facilities. He stated that the storm sewer easement will be obtained from the developer. No Board action was necessary.

RECEIVE UPDATE ON HCFCD ACCEPTANCE OF DISTRICT FACILITIES

Ms. Cherne reported that a Warranty Deed conveying the detention facilities located in Champion Forest, Section 11 to the Harris County Flood Control District

("HCFCD") is ready for execution. A copy of the Warranty Deed is attached as an exhibit to these minutes. She stated that the Warranty Deed will be forwarded to HCFCD for placement on the meeting agenda of the Harris County Commissioners Court for consideration in December.

Mr. Joubran next reported that the necessary information regarding the District's water system has been provided to AEI for the installation of a 24-inch water line along Louetta Road as part of the master plan for distributing surface water to the area.

Mr. Joubran reported that erosion of backfill in the area of the trestle was noticed during the recent heavy rains. He explained the location of the erosion, discussed possible solutions, and responded to Directors' questions. He stated that the area previously seeded by the District is holding well. He stated that the area of erosion does not need an emergency repair and that he is working with Cy-Champ Public Utility District on a mutually agreeable solution.

Following review and discussion, Director Lawrence moved that the Board approve the engineer's report as presented, including approval of Pay Estimate No. 4 from Insituform Technologies, Inc. Director Jackson seconded the motion, which was approved by unanimous vote.

DISCUSS OPERATIONS OF KLEINWOOD CENTRAL SEWAGE TREATMENT PLANT JOINT POWERS BOARD MEETING

Director Lynch reported on the operations of the Kleinwood Central Sewage Treatment Plant and the Joint Powers Board meeting. He requested that the Board consider selling its surplus capacity in the plant at the next meeting. No Board action was necessary.

OPERATOR'S REPORT

Mr. Haas reviewed the written maintenance and operations report, builder back charges, and invoices with the Board. A copy of the operator's report is attached as an exhibit to these minutes. Mr. Haas reported that the one-month accountability for last month was 94.2% and the four-month accountability average was 92.9%. He next reviewed a Customer Write Off Report and recommended that the accounts be considered uncollectible and referred to a collection agency. He reviewed charts of installed and paid tap fees and a grease trap inspection report. He next reported that 28 termination letters were mailed.

Mr. Haas reported that he is working with Director Petrick to raise a manhole cover located under the deck of a swimming pool that was discovered during an inspection of the District's manholes.

Mr. Haas next reviewed the estimated cost of production of the District's water for fiscal year 2003. He stated that the cost is approximately \$0.52 per thousand gallons of water produced. Discussion ensued regarding the estimated cost.

Following review and discussion, Director Lawrence moved that the Board approve the operator's report as presented and removal of uncollectible accounts from the report as recommended. Director Lynch seconded the motion, which was approved by unanimous vote.

CONDUCT HEARING ON TERMINATION OF WATER SERVICE

Mr. Haas reported that the customers on the attached termination list were delinquent by more than 50 days and had been given written notice 10 days prior to this meeting of the opportunity to appear before the Board of Directors to explain, contest or correct the utility service bill and to show reason why the utility service should not be terminated because of nonpayment. Following discussion, Director Lawrence moved that since the residents were neither present at the meeting nor had presented any written statement on the matter, the utility service to those residents be terminated in accordance with the District's Rate Order. Director Lynch seconded the motion, which was approved by unanimous vote.

CONSIDER PROPOSALS FOR BEAUTIFICATION OF ELEVATED STORAGE TANK SITE AND AUTHORIZE APPROPRIATE ACTION

The Board concurred to table this item.

DISCUSS MATTERS RELATED TO NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

Director Balog reported on the activities of the North Harris County Regional Water Authority (the "NHCRWA"). No Board action was necessary.

ADOPT RESOLUTION SUPPORTING THE CREATION OF THE GREATER 1960 IMPROVEMENT DISTRICT AND AUTHORIZE APPROPRIATE ACTION

Director Petrick next discussed with the Board a Resolution Supporting the Creation of the Greater 1960 Improvement District. After discussion, Director Lawrence moved that the Board adopt the Resolution Supporting the Creation of the Greater 1960 Improvement District. Director Petrick seconded the motion, which was approved by unanimous vote. A copy of the Resolution Supporting the Creation of the Greater 1960 Improvement District is attached as an exhibit to these minutes.

DISCUSS GUIDELINES FOR A DISTRICT WEB SITE AND AUTHORIZE APPROPRIATE ACTION

Director Lawrence reviewed with the Board guidelines for a District website. The Board concurred to table this item pending the Directors' review of the guidelines.

DISCUSS PREPARATION OF DISTRICT NEWSLETTER

The Board next discussed preparation of the newsletter. Following discussion, the Board concurred to defer approval of the text of the newsletter pending review of text regarding the award of a garbage collection services contract.

Discussion ensued regarding methods of notifying the District's residents of the changes in garbage service providers and pick-up dates. Following discussion, the Board requested Director Jackson to provide a notice of the changes for the Champion Forest newsletter and ABH to request WCA to provide a notice of the changes for distribution with the District's January utility bills.

SUCH OTHER MATTERS

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

[SIGNATURE PAGE FOLLOWS]

[SIGNATURE PAGE FOR THE MINUTES OF THE DECEMBER 7, 2004 BOARD MEETING]

(SEAL)

Secretary, Board of Directors

ACTION ITEMS

- Champion Forest Maintenance Fund (“Maintenance Fund”) will resolve the issue regarding damage to the irrigation system by Insituform Technologies, Inc. Lawn Escape, Inc. is performing a survey of the irrigation system.
- Maintenance Fund will inquire whether Lawn Escape, Inc. is interested in performing lawn maintenance services for the District once the Maintenance Fund has executed a contract with Lawn Escape, Inc.
- Board will enter into an agreement with Waste Corporation of America (“WCA”) for Monday, Thursday curbside pick-up for the price of \$9.90 per household, with an option to change to Wednesday, Saturday curbside pick-up for the price of \$10.05 after polling the District’s residents on pick-up preferences before February.
- Ms. Cherne will forward Director Lawrence’s inquiry regarding electricity bills to the Legacy Group for review.
- The District’s investment officer will purchase, at the best rates possible, four certificates of deposits, each in the amount of \$95,000, for a term of 180 days, and three certificates of deposits, each in the amount of \$95,000, for a one-year term.
- The consultants will prepare the Annual Report in accordance with the Continuing Disclosure of Information Agreement and SEC Rule 15c2-12.
- Ms. Flores will update the Board on the tax sale through e-mail correspondence.
- A notice regarding the District’s tax statement will be included on the District’s utility bills.
- Pepe Engineering, Ltd. will review the sanitary sewer inspection report and video tapes from Source Point Solutions, Inc. to provide a recommendation to the Board at the January meeting.
- Pepe Engineering, Ltd. will obtain storm sewer easement from the developer of Raveneaux Place Highrise Condos.
- Warranty Deed will be forwarded to HCFCD for placement on the meeting agenda of the Harris County Commissioners Court for consideration in December.
- Mr. Joubran is working with Cy-Champ Public Utility District on a mutually agreeable solution for repair of an area of erosion near trestle.

- Directors to review website guidelines.
- Director Jackson to provide a notice of the garbage services changes for the Champion Forest newsletter and ABH to request WCA to provide a notice of the changes for distribution with the District’s January utility bills.

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