

MINUTES OF REGULAR MEETING
OF
CYPRESS FOREST PUBLIC UTILITY DISTRICT

November 2, 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 2nd day of November, 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: Wendy Fryfogle and Linn Smyth of the Champion Forest Garden Club; Nabil Joubran of Pepe Engineering, Ltd.; Kim Shelnutt of Myrtle Cruz, Inc.; Greg Ordeneaux of Tax Tech, Inc.; Bob Haas of Aqua Services, L.P. ("Aqua Services"); Bo Egbert of Waste Management; Matthew May of Waste Corporation of America; Johnny Smith of Republic Waste Services; David Hanna and Charles C. Gregory III of Royal Disposal & Recycling; Steve Robinson of Allen Boone Humphries LLP ("ABH"); and Justine M. Cherne, Recording Secretary.

Director Lynch called the meeting to order.

RECEIVE PUBLIC COMMENTS

Director Balog opened the meeting to receive public comments. He explained that the purpose of this agenda item is to receive brief comments from the public. He stated that dialogue will not be held between the Board and the public due to the amount of District business to be performed. Ms. Smyth asked when the trucks located at the esplanades will be finished with the work. Mr. Joubran stated that he did not have a completion date but that the contractor is working diligently to complete the

sanitary sewer rehabilitation project and manhole repairs. He stated that any problems should be reported. No Board action was necessary.

APPROVE MINUTES

The Board next considered approving the minutes of the District's regular meeting held on October 5, 2004 and special meeting held on October 21, 2004. Following review and discussion, Director Petrick moved that the Board approve the minutes as written. Director Lawrence seconded the motion, which was approved by unanimous vote except for Director Jackson who was not present for the vote.

RECEIVE UPDATE ON WATER CONSERVATION PROJECT AND AUTHORIZE APPROPRIATE ACTION

Director Petrick reported that the Champion Forest Maintenance Fund ("Maintenance Fund") has requested bids for lawn maintenance services. He stated that after the contract is awarded, the Maintenance Fund will inquire whether the contractor is interested in performing services for the District.

Ms. Fryfogle reported that Lawn Escape, Inc. plans to begin to dispose of old vegetation on Monday and to begin to replant new vegetation on the following Monday. She stated that the project is expected to be finished within a two-week timeframe. No Board action was necessary.

REVIEW PROPOSALS FOR GARBAGE COLLECTION SERVICES AND AUTHORIZE APPROPRIATE ACTION

The Board next received presentations on garbage collection services proposals from Republic Waste Services, Royal Disposal & Recycling, Waste Corporation of America and Waste Management. Mr. Robinson noted that the Board received a proposal from BFI and the representative was unable to attend the Board meeting. Copies of the proposals are attached. Representatives of the garbage collection services companies responded to Directors' questions. Following the presentations, the Board requested ABH to prepare a proposal comparison chart for review and discussion at the next regularly scheduled meeting.

BOOKKEEPER'S REPORT

The Board next received the bookkeeper's report and considered payment of the bills. Ms. Shelnett presented 34 checks for the Board's approval. She reviewed the year-to-date budget, Maintenance Fund Recap, and the fiscal year expenditures for the administrative building. The Board requested the transfer of any capital expenditures incurred at the sewage treatment plant during fiscal year 2004 from the maintenance and operating account to the operating account. Ms. Shelnett next reviewed the

investment report as required by the Public Funds Investment Act and responded to Directors' questions. Copies of the reports and a list of the checks presented for payment are attached as an exhibit to these minutes.

Following review and discussion, Director Petrick moved that the Board approve the bookkeeper's report and authorize payment of the bills. Director Lynch 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. Mr. Ordeneaux stated that 99% of the year 2003 taxes had been collected as of the end of the prior month. He then presented 4 checks for approval and reviewed the delinquent list. He reviewed samples of the tax bills and responded to Directors' questions regarding exemptions. After review and discussion, Director Lawrence moved that the tax assessor/collector's report be approved and the tax bills be paid. 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 and that the project should be complete by December 22, 2004. He presented and recommended approval of Pay Estimate No. 3 in the amount of \$41,891.40 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 \$14,992.86. He stated that coordination with the contractor and the inspector is being done to determine the best method for repairing a failure of a thirty-inch sewer line. In response to Directors' inquiries, Mr. Haas stated that sewer smells are typical for this type of project but should be investigated if they persist after completion of the project.

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 before the end of the year.

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 discussions with Tony Kindred have been held to obtain a storm sewer easement along the southern boundary line of the condominiums. He stated that Mr. Kindred has not been able to obtain approval for the easement from his mortgage lender. 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

Mr. Joubran reported that a letter was received from Harris County Flood Control District ("HCFCD"), a copy of which is attached to these minutes. He stated that the letter indicates that the District's application for acceptance of the detention facilities located in Champion Forest, Section 11 is being reviewed and that the District is responsible for maintaining the facility in a satisfactory condition until formal acceptance by the HCFCD. He stated that the facility needs to be mowed and erosion control measures may be needed pending future weather conditions.

Mr. Joubran next reported that a revised request for utilities was received from Morris and Associates on behalf of Brazos Management Enterprises, Inc. to serve a 2.336-acre tract located on Louetta Road in Sterling Gate, Section Two, a copy of which is attached to these minutes. He recommended that the District agree to reserve 32,154 gallons per day of water supply and 25,723 gallons per day of sewage treatment capacity to serve a shopping center and a 12,000 square-foot restaurant proposed for development on the tract. He stated that the District has capacity available to serve the tract. He reviewed the previous allocation approved by the Board.

Following review and discussion, Director Lawrence moved that the Board approve the engineer's report as presented, including approval of Pay Estimate No. 3

from Insituform Technologies, Inc. and execution of a revised utility commitment letter agreement with Brazos Management Enterprises, Inc. Director Lynch seconded the motion, which was approved by unanimous vote.

ADOPT RESOLUTION AUTHORIZING APPLICATION TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY FOR USE OF SURPLUS FUNDS

Mr. Robinson reviewed a Resolution Authorizing Application to the Texas Commission on Environmental Quality ("TCEQ") for Use of Surplus Funds from the District's capital projects fund to reimburse the general operating fund for the acquisition of utilities for Champions Cove in the amount of \$145,000 as per the settlement agreement in the matter of *Yi-Hsien Lin, Tsai Shiu Lin, and Yi-Chang Lin vs. Cypress Forest P.U.D.* Following review and discussion, Director Petrick moved that the Board adopt a Resolution Authorizing Application to the Texas Commission on Environmental Quality for Use of Surplus Funds. Director Jackson seconded the motion, which was approved by unanimous vote. A copy of the resolution is attached.

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 reviewed upcoming maintenance items. 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 92.8% and the four-month accountability average was 92.7%. He reviewed charts of installed and paid tap fees. He next reported that 28 termination letters were mailed.

Mr. Haas reported that a request was made to enclose an opening in a brick wall located on the District's easement and owned by the homeowners association. He stated that he suggested an alternate solution because the District needs access to the manhole at the location. Discussion ensued regarding procedures for exercising the District's rights within easements.

Mr. Haas next reviewed the estimated cost of production of the District's water for fiscal year 2003. In response to Director Lynch's inquiry, Mr. Haas stated that the meter replacement program is approximately 30% complete.

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

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

Mr. Haas reported that he received a proposal for installation of a wrought iron fence along Hertz Road at the District's elevated storage tank site in the amount of \$15,500. Discussion ensued regarding options for chain link, wrought iron and brick fencing. Further discussion ensued regarding landscaping options. Following discussion, the Board requested Director Petrick to request landscaping recommendations for the site from the Champion Forest Garden Club.

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"). He stated that a budget hearing was held during the November meeting of the NHCRWA. No Board action was necessary.

CONSIDER POLICY FOR E-MAIL CORRESPONDENCE AND COMMUNICATION AND AUTHORIZE APPROPRIATE ACTION

Mr. Robinson reviewed the provisions of the Open Meetings Act. No Board action was necessary.

RECEIVE UPDATE ON 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 award of a garbage collection services contract.

APPROVE AGENDA ITEMS OF THE OCTOBER 21, 2004 MEETING

Mr. Robinson reported that the agenda for the October 21, 2004 special meeting of the Board was not posted within the required time period. Following discussion, Director Lawrence moved that the Board approve all actions taken by the Board at the October 21, 2004 meeting. Director Jackson seconded the motion, which was approved by unanimous vote.

SUCH OTHER MATTERS

Mr. Robinson reported that he is coordinating with Director Balog on reviewing the settlement agreement received from Brown & Brown of Texas, Inc. regarding insurance coverage matters for payment of the costs and expenses incurred by the District's consultants in the matter of *Yi-Hsien Lin, Tsai Shui Lin and Yi-Chang Lin vs. Cypress Forest PUD*.

Discussion ensued regarding agenda items for the December meeting of the Board.

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

[SIGNATURE PAGE FOLLOWS]

[SIGNATURE PAGE FOR THE MINUTES OF THE NOVEMBER 2, 2004 BOARD MEETING]

(SEAL)

Secretary, Board of Directors

ACTION ITEMS

- ABH to prepare a garbage collection services proposal comparison chart for review and discussion at the next regularly scheduled meeting.
- Ms. Shelnutt to transfer any capital expenditures incurred at the sewage treatment plant during fiscal year 2004 from the maintenance and operating account to the operating account.
- Pepe Engineering, Ltd. to review the sanitary sewer inspection report and video tapes from Source Point Solutions, Inc. to provide a recommendation to the Board before the end of the year.
- Pepe Engineering, Ltd. to obtain storm sewer easement from the developer of Raveneaux Place Highrise Condos.
- Director Petrick to request landscaping options for the elevated storage tank site from the Champion Forest Garden Club.
- ABH and Director Balog reviewing settlement agreement with B&B.

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