

MINUTES OF SPECIAL MEETING
OF
CYPRESS FOREST PUBLIC UTILITY DISTRICT

September 15, 2005

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

The Board of Directors of Cypress Forest Public Utility District, Harris County, Texas, met in special session, open to the public, on the 15th day of September, 2005, 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: Debbie Shelton of First Southwest Company; Greg Ordeneaux of Tax Tech, Inc.; Salim Joubran and Nabil Joubran of Pepe Engineering, Ltd.; Steve Robinson of Allen Boone Humphries Robinson LLP ("ABHR"); and Emily K. Leonard, Recording Secretary.

Director Balog called the meeting to order.

CONSIDER PROPOSED TAX RATE, SET PUBLIC HEARING DATE AND
AUTHORIZE NOTICE OF PUBLIC HEARING REGARDING DISTRICT ADOPTION
OF TAX RATE

Ms. Shelton reviewed a tax rate analysis. Discussion ensued regarding the impact of the increase in the over 65 exemption, the change in District value, and other tax matters. After discussion, Director Petrick moved to authorize the tax assessor/collector to publish notice of the public hearing regarding District tax rate, reflecting a levy of \$0.25 debt service and \$0.05 operation and maintenance tax and a public hearing date of October 4, 2005. The motion was seconded by Director Lawrence and passed unanimously.

ADOPT BUDGET FOR FISCAL YEAR ENDING SEPTEMBER 30, 2006

The Board discussed the draft budget for fiscal year ending September 30, 2006. Director Petrick raised questions regarding the budget. After review and discussion, Director Lynch moved to approve the budget for fiscal year ending September 30, 2005. The motion was seconded by Director Lawrence and passed unanimously.

ENGINEER'S REPORT

The Board next received the engineer's report, a copy of which is attached. 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, RECEIVE PROPOSAL AND RECOMMENDATION FOR EVALUATION OF THE DISTRICT'S SANITARY SEWER LINES

Mr. Joubran reviewed a revised proposal from Source Point Solutions for surveying of the sanitary sewer lines, at a random 25% to 40% range, and for preparation of a recommendation of the sections at a cost of \$76,380. Discussion ensued regarding a tentative bond election in November of 2006. Mr. Robinson said that the District will need to have a clear outline of costs for the sanitary sewer replacement in order to provide a bond authorization amount for the election. After discussion, Director Lynch moved to approve the proposal from Source Point Solutions, and to pay the costs of the surveying from general funds with the intent to reimburse the operating account from future bond proceeds. Director Petrick seconded the motion, which was approved by unanimous vote.

REVIEW PROPOSALS AND AWARD CONTRACT FOR REHABILITATION OF THE SANITARY SEWER LINES IN CHAMPION FOREST SECTIONS 1 AND 2

Discussion ensued regarding the District's current operating account reserve, the urgency of the replacement of the lines, and the bond election in November, 2006. The Board concurred to table this item pending receipt of a timeline for completion of the evaluations from Source Point Solutions.

DISCUSS ACQUISITION OF ADMINISTRATION BUILDING AND AUTHORIZE APPROPRIATE ACTION

The Board discussed acquisition of the administration building. Following discussion, the Board concurred to table this matter.

SUCH OTHER MATTERS

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

[SIGNATURE PAGE FOR THE MINUTES OF THE SEPTEMBER 15, 2005 BOARD MEETING]

(SEAL)

Secretary, Board of Directors

ACTION ITEMS

- Tax assessor/collector will publish notice of public hearing regarding District adoption of tax rate

LIST OF ATTACHMENTS TO MINUTES

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