

MINUTES OF REGULAR MEETING  
OF  
CYPRESS FOREST PUBLIC UTILITY DISTRICT

September 6, 2005

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 6th 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: Greg Sissell of BKD, LLP; Rozann Janek and Christy Hayes of the Champion Forest Fund; Wendy FryFogle of the Champion Forest Garden Club; Linn Smyth, resident of the District; Theresa Pinyon of The Legacy Group; Salim Joubran and Nabil Joubran of Pepe Engineering, Ltd.; Mary Jarmon of Myrtle Cruz, Inc.; Esther Flores of Tax Tech, Inc.; Bob Haas of Aqua Services, L.P. ("Aqua Services"); Michael Murr of Murr, Inc.; Steve Robinson of Allen Boone Humphries Robinson LLP ("ABHR"); and Emily Leonard, 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 received.

CONSIDER OPTIONS FOR PARTICIPATION WITH CHAMPION FOREST FUND IN PROJECTS FOR CIVIC IMPROVEMENT AND BEAUTIFICATION OF PUBLIC AREAS WITHIN THE DISTRICT

Mr. Murr reviewed his experience with regard to water conscious landscaping. Ms. Smyth discussed water conservation for 40 common area esplanades located within the District. She discussed methods beyond repair of irrigation systems to improve water conservation within the esplanades, including more drought tolerant plants for landscaping. Mr. Murr answered questions from the Board regarding such plants and the special circumstances regarding landscaping esplanades. He emphasized the impact of updating the District's 20 year old irrigation system with the goal of water conservation in the esplanades. Mr. Murr stated that the first step should be to install rain sensors at each esplanade so that irrigation does not occur during times of rainfall. He said that these sensors cost approximately \$150 a piece. Mr. Murr also recommended that the sprinkler heads be changed from the misting heads currently being used, as this method tends to evaporate quickly in the Houston climate. The Board took no action on this item.

CONSIDER ELECTRICITY COSTS FOR STREET LIGHTING, DISTRIBUTION OF SURVEY, AND AUTHORIZE APPROPRIATE ACTION

Ms. Janek distributed a letter from Champion Forest Fund, Inc., regarding street lighting for Board consideration. The Board concurred to table this item, pending further review. A copy of the letter is attached to these minutes.

CONSIDER ADDITIONAL GARBAGE SERVICES AND DISTRIBUTION OF SURVEY REGARDING GARBAGE SERVICES AND AUTHORIZE ANY NECESSARY ACTION

Ms. Leonard distributed communication from Matthew May regarding the addition of make-up trash collection services for holidays which fall on Mondays. Ms. Hayes distributed a draft survey to District residents regarding curbside versus back door pick up, and other garbage collection items, as well as answers to frequently asked questions she has received from residents in preparation of the survey. Discussion ensued regarding mailing the survey, and information to be included in the mailing. Ms. Hayes stated that she would draft a letter to District residents as outlined by the Board and forward to the Board for review and consideration at the October meeting. Discussion ensued regarding e-mail communication by the Board between meetings.

RECEIVE PRESENTATION FROM CLR, INC. REGARDING GEOGRAPHIC INFORMATION SYSTEMS AND AUTHORIZE APPROPRIATE ACTION

The Board concurred to table this item.

RECEIVE REPORT FROM THE LEGACY GROUP ON ELECTRICITY COSTS AND  
AUTHORIZE APPROPRIATE ACTION

Ms. Pinyon presented information from The Legacy Group. Director Lynch posed questions regarding charges from the District's energy provider. Discussion ensued regarding the District's energy charges. The Board concurred to forward a letter from Director Lynch to The Legacy Group for further review. Mr. Robinson posed additional questions to The Legacy Group regarding transmission and distribution. Ms. Pinyon reported that The Legacy Group will provide answers to Board and consultant questions at the October meeting.

APPROVE MINUTES

The Board next considered approving the minutes of the District's regular meeting held on August 2, 2005. 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.

ENGAGE AUDITOR TO CONDUCT AUDIT FOR FISCAL YEAR ENDING  
SEPTEMBER 30, 2005

Mr. Sissel next presented to the Board an engagement letter with BKD, LLP for performance of the District's annual audit for fiscal year ending September 30, 2005 for \$11,900 plus postage, printing, and delivery costs. He stated that the proposed fee is a reduction of last year's fee. Mr. Sissel responded to Directors' questions regarding fees. Following review and discussion, Director Jackson moved that the Board engage BKD, LLP to conduct the District's annual audit for fiscal year ending September 30, 2005 and authorize execution of the engagement letter as presented. Director Lynch seconded the motion, which was approved by unanimous vote. A copy of the engagement letter is attached as an exhibit to these minutes.

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. Ms. Flores reported that a rendition penalty assessed to business personal property by the Harris County Appraisal District ("HCAD") is listed as miscellaneous income on the report. She stated that 98.57% of the year 2004 taxes had been collected as of the end of the prior month. She then presented 6 checks for approval and reviewed the delinquent list. After review and discussion, Director Lynch moved that the Board approve the tax assessor/collector's report and payment of the tax bills. Director Jackson seconded the motion, which was approved by unanimous vote.

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

Ms. Flores requested that the Board defer discussion of a proposed tax rate pending further review of the Harris County Appraisal District values. Mr. Robinson said that a special meeting will likely be required to hold the District's tax hearing, either in September or October. Discussion ensued regarding the special meeting and the Board concurred to hold the meeting on Thursday, September 15, 2005 at 6:30 p.m. if HCAD information is prepared in time.

BOOKKEEPER'S REPORT, AND AUTHORIZE ANY NECESSARY ACTION

The Board next received the bookkeeper's report and considered payment of the bills. Ms. Jarmon reviewed the written report and presented checks for the Board's approval. Ms. Jarmon and Mr. Robinson answered Director Lynch's questions regarding the District's reserves for the General and Operating Funds. Ms. Jarmon reviewed the year-to-date budget, Maintenance Fund Recap, and the fiscal year expenditures for the administrative building.

Ms. Jarmon next reviewed the investment report as required by the Public Funds Investment Act. Following review and discussion, Director Lynch moved that the Board approve the bookkeeper's report and authorize payment of the bills. Director Petrick seconded the motion, which was approved by unanimous vote. Copies of the reports and a list of the checks presented for payment are attached.

DISCUSS COLLECTIONS FOR THE NHCRWA AND AUTHORIZE APPROPRIATE ACTION, INCLUDING CONSIDER AMENDING RATE ORDER

The Board reviewed current collections for the NHCRWA. Discussion ensued regarding acquisition of the summer quarter billing. The Board concurred to table this item pending review of the summer billing.

DISCUSS FORMAT OF BOOKKEEPER'S REPORT AND AUTHORIZE APPROPRIATE ACTION

The Board reviewed the revised format of the bookkeepers report. Director Lynch expressed approval of the new format.

DISCUSS BUDGET FOR FISCAL YEAR ENDING SEPTEMBER 30, 2006

Ms. Jarmon next reviewed a draft budget for fiscal year ending September 30, 2006. She reviewed changes made since to the budget since it was last reviewed by the Board answered questions regarding the budget. The Board concurred to approve the final budget at the special meeting on September 15, 2004.

## 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. N. Joubran reported that rehabilitation of the sanitary sewer trunk lines is complete. He reminded the Board that bids were received for the rehabilitation of sanitary sewer lines to serve Champion Forest Sections One and Two.

Mr. Joubran reviewed a proposal from Source Point Solutions for surveying of the sanitary sewer lines, a copy of which is attached to the engineer's report. He presented a preliminary recommendation for rehabilitating the system. He answered questions from Board members regarding the sanitary sewer system and the preliminary recommendation. Discussion ensued regarding the preliminary recommendation, projected cash flow needs for the rehabilitation of the District's sanitary sewer lines, the possibility of performing rehabilitation of all of the District's sanitary sewer lines as one overall maintenance project, and the percent of evaluation necessary to create a priority of replacement for the system. Mr. Joubran stated that line surveys are necessary to more fully evaluate the extent of rehabilitation needed. Following review and discussion, Director Lawrence moved that the Board authorize Mr. Joubran to obtain a proposal from Source Point Solutions to perform a survey of the sanitary sewer lines and to prepare a recommendation of the priority for replacement of sanitary sewer lines by section to be evaluated for review at the next regularly scheduled meeting. 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

The Board concurred to table this item.

## APPROVE PLANS AND SPECIFICATONS AND AUTHORIZE ADVERTISEMENT FOR BIDS FOR CONSTRUCTION OF WATER, SEWER AND DRAINAGE FACILITIES FOR RAVENEAUX PLACE HIGHRISE CONDOS

Mr. Joubran updated the Board on the design of utilities to serve the Chateaux Raveneaux Condominiums included in Bond Application No. 9. He stated that he is working to resolve issues related to drainage capacity requirements for the facilities.

RECEIVE UPDATE ON INSTALLATION OF GATE AT THE ELEVATED STORAGE TANK SITE AND AUTHORIZE APPROPRIATE ACTION

Mr. Joubran reported on replacement of a gate and fencing located in front of the Southwestern Bell building. Mr. Joubran presented a quote for replacement of the gate. Mr. Robinson reported that Southwestern Bell has not returned calls regarding this issue. After discussion, Director Jackson moved to replace the current gate with a wrought iron gate at a cost of \$2,490 as presented by Mr. Joubran. Director Petrick seconded the motion, which was approved by unanimous vote.

PRESENT PROPOSAL FOR REPLACEMENT OF THE CHAIN LINK FENCE AT THE GATWICK DRIVE SEWAGE LIFT STATION

Mr. Joubran presented a proposal from Dow Fence and Supply Company for replacement of the chain link fence at the Gatwick Drive Sewage Lift Station at a cost of \$4,138. Discussion ensued regarding replacement of the fence. The Board concurred not to replace the fence at this time.

ADDITIONAL ENGINEERING ITEMS

Mr. Joubran reviewed activities related to the proposed development of approximately 300 units of condominiums on the Raveneaux Golf Course.

Mr. Petrick reported on a meeting with Tony Kindred regarding the trail system. He said that Mr. Kindred already had plans to move the two southern most holes on the golf course to additional property which he owns, east of the District. Discussion ensued regarding planning for a linear park and a potential park bond election to be held in May, 2006.

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

ADOPT RESOLUTION REQUESTING RELEASE OF FUNDS FROM ESCROW AND CHANGE IN PROJECT SCOPE FOR REHABILITATION OF THE SANITARY SEWER LINES IN CHAMPION FOREST SECTIONS 1 AND 2

The Board concurred to table this item.

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. He reported that the one-month water production accountability for last month was 91.7% and the four-month accountability average was 91.9%. Director Lynch inquired about

meter replacements in the District. Mr. Haas reported that the 2005 scheduled replacements have all been made. Mr. Haas reviewed charts of installed and paid tap fees and a grease trap inspection report. He next reported that 31 termination letters were mailed. He reported that eight or nine meters will need to be replaced at an approximate cost of \$3,000.00. Discussion ensued regarding the District's water production accountability, the fees paid by the District to the North Harris County Regional Water Authority, and the percentage of meters provided to the Champion Forest Fund. Mr. Haas reported on the repairs made to the flushing valves.

Mr. Haas presented customer correspondence from Raymond Loo requesting that the Board consider waiving fees for an unusually high water bill. He said that the homeowner was not residing in the home during the month of high usage. The Board concurred to table this item for further clarification from the homeowner.

The Board reviewed a Resolution Acknowledging Receipt of Notice and Compliance with H.B. 1935, stating that the charge for alternative payment methods will not exceed 5% of the resident's bill.

Mr. Haas presented a proposal for mapping the esplanade meters within the District at a cost of \$200. Following review and discussion, Director Lynch moved that the Board approve the operator's report as presented, including approval of the Resolution Acknowledging Receipt of Notice and Compliance with H.B. 1935, and accepting the proposal for mapping the esplanade meters. Director Jackson 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 with the exception of the account that was paid today. Director Jackson seconded the motion, which was approved by unanimous vote.

#### REVIEW ATTORNEY'S CONTRACT AND AUTHORIZE APPROPRIATE ACTION

Mr. Robinson reviewed with the Board the legal fees charged to the District over the prior years and legal budgets of other districts. He stated that no changes to the current attorney's contract are being requested. Following review and discussion, Director Lynch moved that the Board continue to engage ABHR under the current

contract without amendment. Director Jackson seconded the motion, which was approved by unanimous vote.

DISCUSS MATTERS RELATED TO NHCRWA

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

DISCUSS OPERATIONS OF KLEINWOOD CENTRAL SEWAGE TREATMENT PLANT JOINT POWERS BOARD MEETING AND AUTHORIZE ANY NECESSARY ACTION

Director Lynch reported on the operations and maintenance of the Kleinwood Central Sewage Treatment Plant and the Joint Powers Board meeting. Director Lynch noted that Kleinwood uses Reliant Energy Services as an electric service provider and stated that he would obtain a proposal from Reliant Energy Services to present at the October board meeting. No Board action was necessary.

REVIEW OUTLINE OF PROCEDURES FOR REQUESTING PROPOSALS FOR OPERATOR'S CONTRACT AND LIST OF OPERATORS

The Board next reviewed a list of companies providing operator services as compiled by ABHR and by the Association of Water Board Directors. No action was taken at this time.

DISTRICT WEB SITE

The Board next discussed the web site. Board members stated that they were generally pleased with the site, but noted that many links were not yet active. The Board concurred to launch the website.

DISCUSS TOWN HALL MEETINGS AND AUTHORIZE APPROPRIATE ACTION

The Board concurred to table this item.

AUTHORIZE DIRECTORS TO ATTEND THE ASSOCIATION OF WATER BOARD DIRECTORS WINTER CONFERENCE

The Board next considered authorizing the Directors to attend the Association of Water Board Directors. The Board concurred to table this item pending receipt of additional information regarding the change in location for the conference.

DISCUSS ITEMS FOR INCLUSION ON NEXT MEETING AGENDA

The Board next requested that an item be added to the agenda for discussion of acquisition of the administration building at the special meeting to be held on September 15, 2005. Following review and discussion, Director Lawrence moved that the Board change the format of the meeting agenda as discussed. Director Lynch seconded the motion, which was approved by unanimous vote.

SUCH OTHER MATTERS

The Board reviewed brochures from McCall, Gibson & Company for investment officer training. Following review and discussion, Director Lynch moved to authorize attendance for Directors Lynch and Jackson. The motion was seconded by Director Petrick and passed unanimously.

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

[SIGNATURE PAGE FOLLOWS]

[SIGNATURE PAGE FOR THE MINUTES OF THE SEPTEMBER 6, 2005 BOARD MEETING]

(SEAL)

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Secretary, Board of Directors

## ACTION ITEMS

- [June] The Champion Forest Fund to prepare a proposal for additional public water conservation projects to which the \$5,577.00 remaining from the \$50,000.00 originally estimated and placed in the District's budget could be applied.
- [June] The Fund to assist with obtaining the total amount of annual electricity costs for street lighting for all of the homeowners associations located within the District.
- Mr. Padron to attend October meeting to answer questions regarding electricity costs.
- Ms. Flores will publish Notice of Public Hearing, pending receipt of information from the Harris County Appraisal District.
- Ms. Jarmon to revise the 2006 budget per the changes discussed and distribute a draft to the Board prior to the special meeting.
- Pepe Engineering, Ltd. to initiate replacement of the gate and fencing located in front of the Southwestern Bell building.
- Pepe Engineering, Ltd. to initiate replacement of the chain link fence at the Gatwick Drive Sewage Lift Station.
- Mr. Joubran to instruct Source Point Solutions to survey 20% of the District's sanitary sewer lines and present results for review at the next regularly scheduled meeting.
- Web site committee to continue to coordinate with Ms. Payne and ABHR to forward Board's comments on web site to Ms. Payne.
- Ms. Hayes to draft a letter to District residents as outlined by the Board and forward to the Board for review for consideration at the October meeting.

LIST OF ATTACHMENTS TO MINUTES

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