

MINUTES OF REGULAR MEETING
OF
CYPRESS FOREST PUBLIC UTILITY DISTRICT

November 1, 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 1st day of November, 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: Wendy Fryfogle of the Champion Forest Garden Club; Donna Cox, resident; Nabil Joubran of Pepe Engineering, Ltd.; Kim Shelnett of Myrtle Cruz, Inc.; Esther Flores of Tax Tech, Inc.; Bob Haas of Aqua Services, L.P. ("Aqua Services"); John Keplinger of Telemetry Technologies, Inc.; Steve Robinson of Allen Boone Humphries Robinson LLP ("ABHR"); 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. The Board received public comments from Wendy Fryfogle regarding wildflower planting at the gully and Donna Cox regarding the order of items placed on the District's agenda, comments made at the last Board meeting regarding garbage collection, the garbage survey distributed by the Board, and a request to include a Christmas tree disposal article in the Champion Forest Women's newsletter. Copies of the public comment cards and correspondence are attached. No Board action was necessary.

APPROVE MINUTES

The Board next considered approving the minutes of the District's regular meeting held on October 4, 2005. Following review and discussion, Director Petrick moved that the Board approve the minutes as written. Director Lynch seconded the motion, which was approved by unanimous vote.

DISCUSS APPLICATION OF SCADA EQUIPMENT AT THE WATER PLANT

Mr. Haas introduced Mr. Keplinger and reported that Directors Lynch and Petrick requested Mr. Keplinger to attend the Board meeting to discuss the Supervisory Control and Data Acquisition System ("SCADA"). Mr. Keplinger discussed the benefits to the District's operations obtained from the installation of SCADA. Mr. Keplinger and Mr. Haas answered questions from Board members regarding the implementation of SCADA. Following discussion, the Board requested that Mr. Keplinger prepare a proposal for an initial assessment of the District's facilities and preparation of recommendations in coordination with the District's engineer and operator for review at the January regular meeting of the Board.

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 stated that the bills for the year 2005 taxes have been mailed. She then presented 5 checks for approval, reviewed the delinquent list and distributed the delinquent tax attorney's report. After review and discussion, Director Lawrence moved that the Board approve the tax assessor/collector's report and payment of the tax bills. 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. Shelnett reviewed the written report and presented 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. She reviewed the collections for the North Harris County Regional Water Authority fee and stated that the collections will be monitored and presented quarterly. Ms. Shelnett next reviewed the investment report as required by the Public Funds Investment Act.

Discussion ensued regarding insurance coverage for the District's consultants. Following discussion, the Board requested ABHR to obtain proposals from the District's insurance provider for increased bond amounts for the consultants for review at the January regular meeting of the Board.

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.

REVIEW THE BOOKKEEPER'S CONTRACT

Ms. Shelnutt next reviewed a proposed amended contract including an increase in the current base fee in the amount of \$100.00 a month and an increase of 2.5% in the monthly office expense. She reported that the monthly office expense was reviewed and is close to a breakeven amount. Following review and discussion, Director Petrick moved that the Board approve the Agreement for Bookkeeping Services as submitted, a copy of which is attached. Director Lynch seconded the motion, which was approved by unanimous vote.

REVIEW THE FINANCIAL ADVISOR'S CONTRACT

Ms. Shelton next stated that there were no changes proposed to the current financial advisor's contract and that First Southwest Company would like to continue as the District's financial advisor. She reviewed the fees for professional services. She distributed a company brochure and stated that she will discuss additional services which can be provided by First Southwest Company at the January regular meeting of the Board. Following review and discussion, Director Jackson moved that the Board continue with the current financial advisor's contract without changes. Director Lynch 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. 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 UPDATE ON EVALUATION OF THE DISTRICT'S SANITARY SEWER LINES

Mr. Joubran noted that as part of the maintenance plan, the rehabilitation of the sanitary sewer trunk lines is complete and bids were received for the rehabilitation of sanitary sewer lines to serve Champion Forest Sections 1 and 2. He reported that the 20-Year Maintenance Plan is being revised and includes the rehabilitation of the sanitary sewer system as a major component. He stated that the sanitary sewer system consists of 25 to 30 year-old ABS Composite Truss pipes which are past their life expectancy as per pipe suppliers. He stated that the engineer's initial recommendation was to evaluate and consider rehabilitation of the sanitary system over the next ten years. He reported that SourcePoint Solutions, Inc. has been given Notice to Proceed with partial evaluation of approximately 40% of the sewer system in Champion Forest

Sections 3 through 9. He stated that SourcePoint Solutions, Inc. has completed the inspection of the lines selected within Sections 3 and 4 and the reports are being evaluated. He recommended payment of two invoices from SourcePoint Solutions, Inc. for the completed work. He stated that the evaluation is scheduled to be finished by the end of this year and that the work is currently ahead of schedule.

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

Mr. Joubran noted that the Board was provided with written extensions of the low bids through February 2006, for the rehabilitation of the sanitary sewer lines in Champion Forest Sections 1 and 2 from Insituform Technologies, Inc. and Re-Pipe Texas. No Board action was necessary.

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.

RECEIVE UPDATE ON PLANS AND SPECIFICATONS FOR CONSTRUCTION OF WATER, SEWER AND DRAINAGE FACILITIES FOR RAVENEAUX PLACE HIGHRISE CONDOS AND CONSERVATORY SENIOR LIVING DEVELOPMENT

Mr. Joubran updated the Board on the design of utilities to serve the Chateaux Raveneaux Condominiums included in Bond Application No. 9. No Board action was necessary.

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

Mr. Joubran updated the Board on replacement of a gate located in front of the Southwestern Bell building. Mr. Joubran stated that the supplier of the gate material sustained damage from Hurricane Rita which delayed production. He stated that he will continue to coordinate with the contractor to ensure the installation is completed as soon as possible. No Board action was necessary.

ADDITIONAL ENGINEERING ITEMS

Mr. Joubran reported on information provided in response to an inquiry for the proposed development of a tract of land located within the District along Louetta Road, between Champions Cove and Champions Drive. He stated that the Board will be updated on coordination efforts related to the proposed development. No Board action was necessary.

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

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 90.69 and the four-month accountability average was 93.3%. He next reported that 52 termination letters were mailed.

Mr. Haas reviewed performance testing reports from G-M Services, copies of which are attached to the operator's report. He noted that the submergence level of water well no. 1 is low and will need to be closely monitored. He stated that the tests will be performed again in March 2005. Mr. Haas stated that well submergence options and diesel fuel storage capacity should be considered in the District's capital improvement plan. He discussed converting the District's facilities from diesel fuel to natural gas. Following discussion, the Board requested Mr. Haas to obtain a proposal for natural gas conversion for review at the January meeting of the Board. Mr. Robinson requested Mr. Haas to determine whether there is a natural gas supply available to the District that is not part of the residential supply.

Mr. Robinson reported that he called the Harris County Pollution Control Department to report that the new car wash located within the District does not have facilities installed to collect run-off water as discussed at last month's meeting and that the facility has been placed on the department's inspection list.

Following review and discussion, Director Jackson moved that the Board approve the operator's report as presented. Director Lynch seconded the motion, which was approved by unanimous vote, except for Director Lawrence who was not present for the 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 Petrick 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, except for Director Lawrence who was not present for the vote.

DISCUSS MATTERS RELATED TO NHCRWA

Director Balog reported on the activities of the North Harris County Regional Water Authority (the "NHCRWA"). He reported that the NHCRWA has planned to perform capital improvement projects over the next year in the approximate amount of \$84,000,000 and that the District will need to notify the residents of anticipated water rate increases. No Board action was taken.

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

Director Lynch reported on the operations and maintenance of the Kleinwood Central Sewage Treatment Plant and the Joint Powers Board meeting. He reported that the Kleinwood Central Sewage Treatment Plant is currently negotiating a new contract for electricity. Discussion ensued regarding the District's electricity contract and the regulated fees contained on the District's electricity bills. Following discussion, the Board requested ABHR to contact the Public Utility Commission to request a review of the regulated fees contained on the District's electricity bills.

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

The Board next reviewed an outline of procedures for requesting operator proposals and a form proposal request, copies of which are attached. Following review and discussion, Director Lynch moved that the Board approve the outline and form proposal request, and authorize ABHR to forward a request for proposals to the list of operating companies previously discussed for response by January 15, 2005. Director Petrick seconded the motion, which was approved by unanimous vote. Ms. Cherne stated that she will redistribute the list of operating companies to the Board by e-mail correspondence.

DISTRICT WEB SITE

The Board and meeting attendees next discussed items included on the District's web site. The Board requested Director Jackson to contact Ms. Payne to request that the District's web site reflect that the Board's minutes are available once approved at the following month's meeting.

DISCUSS WATER WISE PROGRAM AT BRILL ELEMENTARY SCHOOL

Director Jackson reported that the Water Wise Program will be presented at the Brill Elementary School on November 18, 2005. No Board action was necessary.

RECEIVE REPORT FROM DIRECTOR PETRICK ON PARK MATTERS

Director Petrick stated that he has no new activity to report this month.

CONSIDER OPTIONS FOR PARTICIPATION WITH THE COMMUNITY IN PROJECTS FOR CIVIC IMPROVEMENT AND BEAUTIFICATION OF PUBLIC AREAS

The Board concurred to table this item.

AUTHORIZE EXECUTION OF CONTRACTS WITH HOMEOWNERS ASSOCIATIONS FOR ELECTRICITY COSTS FOR STREET LIGHTING

The District next discussed paying for the cost of electricity for the street lights for the homeowners associations located within the District and conveying the title to the District's Administrative Building from the Champion Forest Fund to the District. Mr. Robinson stated that agreements can be drafted to include provisions for the District to pay for a fixed budgeted amount or for the entire amount of the electricity costs. He stated that if the District pays for the cost of electricity for the street lights for one homeowners association, the District must enter into agreements with all of the homeowners associations located within the District. He reported that as authorized at last month's Board meeting, ABHR requested copies of electricity bills for street lights for the past year from all of the homeowners associations located within the District. He reviewed a chart summarizing the electricity bills which was distributed to the Board prior to the meeting. Discussion ensued regarding the facilities included in the electricity bills received and the cost of electricity for street lighting per resident. Following discussion, Director Lawrence moved that the Board rescind the action taken last month which authorized ABHR to draft contracts for the District to pay for the cost of electricity for street lights and for conveying the District's Administrative Building from the Champion Forest Fund to the District. Director Jackson seconded the motion, which was approved by majority vote, with Directors Lynch and Petrick opposed.

UPDATE ON DISTRIBUTION OF SURVEY REGARDING GARBAGE SERVICES

The Board next reviewed a chart of current responses to the District's garbage services survey, a copy of which is attached. The Board requested ABHR to contact WCA to request holiday garbage collection. Following review and discussion, Director Lynch moved that the Board authorize Director Jackson to prepare an article for the Champion Forest Women's newsletter regarding Christmas tree disposal. Director Jackson seconded the motion, which was approved by unanimous vote.

RECEIVE PROPOSAL FOR PROPOSED DEVELOPMENT PROJECT; ANNEXATION

Mr. Robinson reported that he has not received a written proposal from Mr. Kindred for development of land currently included in the Raveneaux Country Club tract. Director Lynch moved that the Board authorize Director Balog to attend any

meetings regarding the proposed development, with Directors Lawrence and Petrick as alternates. Director Lynch requested that Board members attending any meetings provide written reports to the Board. Director Petrick seconded the motion, which was approved by unanimous vote.

DISCUSS PRESENTATION FROM CLR, INC. ON GIS

Director Petrick reviewed a list of references for CLR, Inc. for installation of Geographic Information Systems ("GIS"). He stated that the system requires integration with Aqua Services which has not been developed. He reviewed a proposal received from CLR, Inc. He stated that the Phase 1A proposal in the amount of \$65,000.00, digitizing the District's facilities, more closely matches current District needs. He stated that the other phases did not appear to be beneficial to the District at this time. He reported that he has contacted another company to request a presentation on the system to the District. He stated that there is no rush to implement the system until work orders can be integrated with the District's operating company. Discussion ensued regarding integration of the GIS and SCADA systems. Following discussion, the Board requested ABHR to include in the request for operator proposals a statement of the operating company's experience with integrating work orders with GIS and a copy of the operating company's annual financial report. The Board requested ABHR to obtain proposals for SCADA systems for review at the January regular meeting of the Board.

DISCUSS ITEMS FOR INCLUSION ON NEXT MEETING AGENDA

The Board next concurred to schedule the December regular meeting for 6:00 p.m. for the length of one hour. Director Balog stated that he will coordinate with ABHR on agenda items.

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 1, 2005, BOARD MEETING]

(SEAL)

Secretary, Board of Directors

ACTION ITEMS

- Mr. Keplinger to prepare a proposal for SCADA for an initial assessment of the District's facilities and preparation of recommendations in coordination with the District's engineer and operator for review at the January regular meeting of the Board.
- ABHR to obtain proposals from the District's insurance provider for increased bond amounts for the consultants for review at the January regular meeting of the Board.
- Ms. Shelton to discuss additional services which can be provided by First Southwest Company at the January regular meeting of the Board.
- SourcePoint Solutions, Inc. proceeding with partial evaluation of approximately 40% of the sewer system in Champion Forest Sections 3 through 9 to be finished by the end of this year and Pepe Engineering, Ltd. evaluating reports.
- Pepe Engineering, Ltd. to coordinate with contractor to ensure replacement of the gate located in front of the Southwestern Bell building is completed as soon as possible.
- Mr. Haas to obtain a proposal for natural gas conversion for review at the January regular meeting of the Board. Mr. Robinson requested Mr. Haas to determine whether there is a natural gas supply available to the District that is not part of the residential supply.
- ABHR to contact the Public Utility Commission to request a review of the regulated fees contained on the District's electricity bills.
- ABHR to forward a request for proposals to the list of operating companies previously discussed for response by January 15, 2005, to include a statement of the operating company's experience with integrating work orders with GIS and a copy of the operating company's annual financial report. Ms. Cherne to redistribute the list of operating companies to the Board by e-mail correspondence.
- Director Jackson to contact Ms. Payne to request that the District's web site reflect that the Board's minutes are available once approved at the following month's meeting.
- Water Wise Program to be presented at the Brill Elementary School on November 18, 2005.

- Director Petrick working on the construction of a proposed trail within the District. Director Petrick working on behalf of the District and in coordination with a loose alliance of concerned groups and citizens in the proposed development of a public park within the 462 acres of property being sold by Hewlett-Packard (“HP”).
- Director Jackson to prepare an article for the Champion Forest Women’s newsletter regarding Christmas tree disposal.
- Mr. Robinson and Directors Jackson and Balog to meet with Mr. Kindred to discuss a written proposal for development of land on Raveneaux Country Club tract. Board members attending any meetings to provide written reports to the Board.
- ABHR to obtain proposals for SCADA systems for review at the January regular meeting of the Board.
- Director Balog to coordinate with ABHR on agenda items for the December regular meeting of the Board to be held at 6:00 p.m. for the length of one hour.

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