

MINUTES OF REGULAR MEETING
OF
CYPRESS FOREST PUBLIC UTILITY DISTRICT

February 6, 2007

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 February, 2007, 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:

Michael J. Lynch, Jr.	President
Thomas J. Petrick	Vice President
Deborah L. Jackson	Secretary
William J. Lawrence	Assistant Vice President
Linn Jensen Smyth	Assistant Secretary

all of said Directors were present except Director Jackson, thus constituting a quorum.

Also present for all or part of the meeting were the following: Scott Winter and David Dayhuff of the Church of Latter Day Saints; Fred Jones, Ross Richardson, Greg DiCioccio, Roy Riley, John Shipp, and Jim Reed, residents; Tony Kindred of Raveneaux Country Club; Debbie Shelton of First Southwest Company; Matthew May of WCA; Barbara Payne of Payne Communications; Esther Flores of Tax Tech, Inc.; Salim Joubran and Nabil Joubran of Pepe Engineering, Ltd. ("Pepe"); Kim Shelnett of Myrtle Cruz, Inc.; Bob Haas of Aqua Services, L.P. ("Aqua Services"); Greer H. Pagan of Allen Boone Humphries Robinson LLP ("ABHR"); and Justine M. Cherne, Recording Secretary.

Director Lynch called the meeting to order.

RECEIVE PUBLIC COMMENTS

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

CONSENT AGENDA:

APPROVE MINUTES

TAX ASSESSOR/COLLECTOR'S REPORT, INCLUDING PAYMENT OF BILLS AND ANY NECESSARY COLLECTION ACTION

BOOKKEEPER'S REPORT, INCLUDING PAYMENT OF BILLS AND REVIEW OF INVESTMENTS AND BUDGET

ENGINEER'S REPORT, INCLUDING LONG-TERM MAINTENANCE PLAN, APPROVAL OF PAY ESTIMATES, TIME EXTENSIONS AND CHANGE ORDERS

OPERATOR'S REPORT

Mr. Pagan answered Director Smyth's questions regarding the proposed Interlocal Agreement for the preliminary study of effluent reuse and payment procedures. Upon a motion made by Director Smyth and seconded by Director Petrick, the Board voted unanimously to approve the items on the Consent Agenda, except for Director Lawrence who was not present for the vote. Copies of the tax assessor/collector's report, the bookkeeper's report, the engineer's report, and the operator's report are attached.

ACTION ITEMS FROM THE TAX ASSESSOR/COLLECTOR, IF ANY

There were no additional action items from the tax assessor/collector.

ACTION ITEMS FROM THE BOOKKEEPER, IF ANY

Ms. Shelnutt next reviewed with the Board additional invoices for payment. Following review and discussion, Director Smyth moved that the Board approve the additional invoices. Director Petrick seconded the motion, which was approved by unanimous vote, except for Director Lawrence who was not present for the vote.

ADDITIONAL ACTION ITEMS FROM THE ENGINEER

REHABILITATION OF THE ELEVATED WATER STORAGE TANK

The Board next reviewed bids and considered awarding a contract for rehabilitation of the elevated water storage tank located at water plant no. 1. Mr. Joubran reported that three bids were received and recommended that the Board award the contract to M.K. Painting, Inc., in the amount of \$179,800.00. He stated that the length of the project is 90 days. Following review and discussion, the Board concurred with the engineer's judgment that M.K. Painting, Inc. was a responsible bidder whose bid would result in the best and most economical completion of the project. Director Petrick moved that the Board award the contract for the rehabilitation of the elevated water storage tank to M.K. Painting, Inc., in the amount of 179,800.00 and authorize the President and the Secretary to execute the contract upon finalization. Following additional discussion, Director Smyth seconded the motion, which was approved by

unanimous vote, except for Director Lawrence who was not present for the vote. Copies of the bid tabulation and recommendation letter are attached.

AUTHORIZE EXECUTION OF EASEMENTS

The Board next reviewed internal water line and sanitary sewer line easements from Huffman Builders for the medical office complex under construction, copies of which are attached. Following review and discussion, Director Smyth moved that the Board approve execution of the easements as presented. Director Petrick seconded the motion, which was approved by unanimous vote, except for Director Lawrence who was not present for the vote.

INITIAL REPORT ON ANALYSIS OF FLOOD PLAIN MAPS

Mr. N. Joubran next reported on the initial findings of the field work and analysis of the new Tropical Storm Allison Recovery Project Flood Plain Maps and reviewed a preliminary flood plain map of the entire District. He responded to comments and questions from Board members and members of the public. He stated that the final report will be presented next month. Director Petrick reported on subsidence monitoring. Mr. DiCioccio reported that the website TSARP.org has good information regarding these issues.

ANALYSIS OF WATER PLANT OPERATIONS

Mr. N. Joubran next reported that Pepe has completed the data collection for the evaluation of the water plant operations to identify potential electricity cost savings. He reviewed recommendations for enhancing the operations and reducing energy consumption prepared by Pepe, Aqua Services, and several specialized sub-consultants, a copy of which is attached. The recommendations include: adding a capacitor for power factor correction of the well motor at water plant no. 1; installing a wireless link between the two water plants to synchronize the elevated storage tank at water plant no. 1 with the jockey pump at water plant no. 2; installing transducers at the elevated storage tank at water plant no. 1; and installing pump controllers at the jockey pump at water plant no. 2. He stated that in the future, a variable frequency drive (“VFD”) should be added to the jockey pump at the time replacement of the jockey pump becomes necessary, if the current jockey pump is not adaptable for VFD installation. He stated that replacement of the jockey pump is expected within the next couple of years. He responded to comments and questions from Board members and members of the public. Following review and discussion, Director Petrick moved that the Board authorize the engineers to prepare the plans and specifications and solicit bids per the recommendations. Director Smyth seconded the motion, which was approved by unanimous vote, except for Director Lawrence who was not present for the vote.

ADDITIONAL ACTION ITEMS FROM THE OPERATOR

Mr. Haas next reviewed a revision made to the operator's report for irrigation accounts. The Board requested that Mr. Haas determine why there were a lot of leaks located in the 9500 block of Stockport.

CONSIDER CUSTOMER CORRESPONDENCE

No customer correspondence was presented.

CONDUCT HEARING ON TERMINATION OF WATER SERVICE

Mr. Haas reported that the customers on the 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, and the accounts be forwarded to collections as recommended. Director Smyth seconded the motion, which was approved by unanimous vote.

AUTHORIZE REPAIR AND MAINTENANCE ITEMS

Mr. Haas reported that the commercial meters are due for calibration and reported that notices will be distributed in the utility bills at the end of February for flushing of the main water lines on March 12 and 13, 2007.

ADOPT AMENDED RATE ORDER

The Board concurred to table this item pending additional review of a financial analysis spreadsheet of expected revenues for various rate increases per user category.

Following review and discussion, Director Petrick moved that the Board approve the operator's report, including calibration of the commercial meters and approval of the flushing notice. Director Smyth seconded the motion, which was approved by unanimous vote.

Mr. DiCioccio responded to Board members' questions regarding repair of an outfall pipe by the Harris County Flood Control District.

Mr. Riley next made a presentation on electricity power factor and recommended that the District install three capacitors.

DISCUSS MATTERS RELATED TO NHCRWA

Director Smyth reported on the North Harris County Regional Water Authority ("NHCRWA") Board meeting held on February 5, 2007. A copy of Director Smyth's written report on the NHCRWA Board meeting is attached. No action was taken by the Board.

DISCUSS OPERATIONS OF KLEINWOOD REGIONAL WASTEWATER TREATMENT PLANT AND JOINT POWERS BOARD MEETING

Director Lynch updated the Board on the Joint Powers Board meeting and the operations and maintenance of the Kleinwood Regional Wastewater Treatment Plant.

The Board next reviewed a Notice of Intent to Sell Wastewater Treatment Capacity from Cy-Champ PUD for the sale of 100,000 gallons per day at \$5.00 per gallon. Following review and discussion, the Board concurred to hold a special meeting at 7:30 a.m. on February 14, 2007, to discuss the notice.

RECEIVE REPORT FROM FINANCIAL ADVISOR

Ms. Shelton next discussed the amount of bonds that the District could issue without raising the District's current debt service tax rate over the next 15 years. She stated that the amount was approximately \$20,000,000 and discussed the assumptions used in calculating the amount. Mr. S. Joubran reviewed a draft 20-year maintenance plan with projected costs of approximately \$25,000,000. Discussion ensued regarding holding a bond election as a way to manage the District's long-term financial needs. Mr. Pagan reported that election supplies must be ordered now at a cost of approximately \$1,000 to \$2,000 to ensure on-time delivery for a May 2007 election. Following review and discussion, the Board concurred to consider adopting an order calling an election at next month's meeting and authorized ABHR to order election supplies and contact the District's election judges regarding availability for a proposed May 2007 election.

WCA GARBAGE COLLECTION SERVICES CONTRACT

Mr. May next reviewed a rate increase of \$0.55 per month, from \$10.50 to \$11.05 per connection, based on the most recently published Consumer Price Index for Urban Consumers ("CPI-U") data, as provided for in the existing Residential Solid Waste Collection Contract. He also requested an additional increase of \$1.00 per connection to offset increased costs. Discussion ensued regarding the terms of the District's contract with WCA and items included in the CPI-U. Following discussion, the Board concurred to consider the request for an additional increase at the special meeting scheduled for February 14, 2007. A copy of the letter from WCA regarding the requested increase is attached.

DISCUSS MATTERS RELATED TO HOMEOWNERS ASSOCIATION MEETINGS

Director Petrick reported on the Champion Forest Homeowners Association meeting held on January 3, 2006. No action was taken by the Board.

PUBLIC COMMUNICATIONS

Director Smyth reported on communications activities and read a comment from Director Jackson regarding the District's draft newsletter. Ms. Payne next reviewed with the Board a draft quarterly newsletter and updated website design. Following review and discussion, the Board approved the newsletter and the updated website design. Ms. Payne reported on activities undertaken to schedule the District's first brown bag lunch.

EFFLUENT REUSE PROJECT FOR LANDSCAPE IRRIGATION

Director Smyth reported on meetings held with Nancy Blackwell of AEI Engineering, Inc. and NHCRWA regarding the proposed effluent reuse project. She requested that the Board receive a presentation on effluent reuse from Ms. Blackwell at the March regular meeting of the Board.

REPORT ON PARK MATTERS

There was no update on park matters.

DISCUSS PROPOSED DEVELOPMENT PROJECT

Mr. Kindred reported that the plans for the proposed development of 67 townhomes on the 7.5 acres of the Raveneaux Country Club tract currently located within the District's boundaries have been re-filed with the Harris County Flood Control District (the "HCFCD"). He stated that he anticipates that the hydrology report will be approved by the HCFCD. He stated that master plan for the entire 48.5 development has been submitted to Harris County for plat approval. No action was taken by the Board.

TECHNOLOGY: GIS

Director Petrick updated the Board on the testing of the Geographical Information System and stated that a presentation of section one should be ready for review at the May meeting of the Board.

DISCUSS RENEWAL OF DISTRICT INSURANCE POLICIES

Ms. Cherne reported that the District's insurance policies are due to expire on June 1, 2007. Following discussion, the Board authorized ABHR to solicit proposals for the District's insurance policies.

AWBD CONFERENCES

The Directors discussed the activities and topics of the Association of Water Board Directors ("AWBD") winter conference. Following discussion, Director Petrick moved that the Board approve reimbursement of eligible expenses and authorize the Directors to attend the AWBD summer conference. Director Lawrence seconded the motion, which was approved by unanimous vote, except for Director Smyth who was not present for the vote.

DISCUSS ITEMS FOR INCLUSION ON THE NEXT MEETING AGENDA

The Board next discussed a policy for including items on meeting agendas. The Board concurred that any items requested for inclusion on an agenda by a Director will be included.

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

[SIGNATURE PAGE FOLLOWS]

[SIGNATURE PAGE FOR THE MINUTES OF THE FEBRUARY 6, 2007, BOARD MEETING]

Secretary, Board of Directors

(SEAL)

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
tax assessor/collector's report	2
bookkeeper's report	2
engineer's report	2
operator's report.....	2
bid tabulations and recommendation letters	3
water line and sanitary sewer line easements	3
engineer's recommendations	3
NHCRWA Board meeting report	5
letter request from WCA.....	5