

MINUTES OF REGULAR MEETING  
OF  
CYPRESS FOREST PUBLIC UTILITY DISTRICT

April 3, 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 3rd day of April, 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 Directors Jackson and Lawrence, thus constituting a quorum.

Also present for all or part of the meeting were the following: Debbie Donahue, Greg Blake, Roy Riley, Fred Jones, Greg DiCioccio, and Jim Reed, residents; Esther Flores of Tax Tech, Inc.; Salim Joubran and Nabil Joubran of Pepe Engineering, Ltd. ("Pepe"); Kim Shelnett of Myrtle Cruz, Inc.; Bob Haas and Gus Gustafson of Aqua Services, L.P. ("Aqua Services"); Stephen M. Robinson of Allen Boone Humphries Robinson LLP ("ABHR"); and Justine M. Cherne, Recording Secretary.

Director Lynch called the meeting to order. He reported that Bob Haas will be leaving Aqua Services. The Board commended Mr. Haas for his service to the Board which began with the creation of the District.

RECEIVE PUBLIC COMMENTS

Director Lynch opened the meeting to receive public comments. Mr. Riley addressed the Board regarding the upcoming Bond Election and distributed an analysis of future bond issues, a copy of which is attached. No action was taken by the Board.

## 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

Upon a motion made by Director Petrick and seconded by Director Smyth, the Board voted unanimously to approve the items on the Consent Agenda. Copies of the tax assessor/collector's report, the bookkeeper's report, the engineer's report, including Pay Estimate No. 1 in the amount of \$106,740.00 payable to M.K. Painting, Inc. for rehabilitation of the elevated storage tank at water plant no. 1, Pay Estimate No. 6 and Final in the amount of \$50,657.62 payable to Insituform Technologies, Inc. for rehabilitation of the sanitary sewer lines in Champion Forest, Section 1, and Pay Estimate No. 5 and Final in the amount of \$15,605.20 payable to C.E. Barker, Ltd. for construction of utilities to serve a 16-acre development, and the operator's report are attached.

### DISCUSS BOND ELECTION

Mr. Robinson discussed with the Board the election procedures. He noted that the Board adopted an Order Calling Bond Election at last month's meeting and that the election cannot be cancelled. He stated that the District's financial advisor previously reviewed a cash flow analysis with the Board. He stated that the Board has reviewed a proposed financing plan based upon the District engineer's projected capital needs for the District reflected in the District's Capital Improvement Plan. He stated that the District has a history of maintaining one of the lowest tax rates in the area. Ms. Cherne reported that the limited services agreement with Harris County for provision of the electronic voting systems and related training approved last month was ready for execution, a copy of which is attached.

### PUBLIC COMMUNICATIONS

Director Smyth reported on the brown bag lunch held on Friday, March 23, 2007, at 11:30 p.m. No action was taken by the Board.

## EFFLUENT REUSE PROJECT FOR LANDSCAPE IRRIGATION

Director Smyth reported that Ms. Blackwell has received positive indications from possible partners in the proposed irrigation reuse project for landscape irrigation. She reported that efforts to obtain financing for the project from the North Harris County Regional Water Authority (the "NHCRWA") are ongoing. No action was taken by the Board.

## DISCUSS PROPOSED DEVELOPMENT PROJECT

There was no additional information regarding the proposed development of 67 townhomes on the 7.5 acres of the Raveneaux Country Club tract currently located within the District's boundaries. Mr. Robinson's stated that no additional information has been submitted to the Board.

## ACTION ITEMS FROM THE TAX ASSESSOR/COLLECTOR, IF ANY

There were no additional items from the tax assessor/collector. Discussion ensued regarding the delinquent list and rendition penalties assessed by the Harris County Appraisal District. No action was taken by the Board.

## ACTION ITEMS FROM THE BOOKKEEPER, IF ANY

Ms. Shelnett next reviewed with the Board three additional checks for approval. Following review and discussion, Director Smyth moved that the Board approve the additional checks. Director Petrick seconded the motion, which was approved by unanimous vote.

Discussion ensued regarding electricity transmission and distribution charges for water well no. 1. Following discussion, the Board requested that ABHR request The Legacy Group to determine how such charges are calculated for water well nos. 1 and 2.

## ADDITIONAL ACTION ITEMS FROM THE ENGINEER

Mr. N. Joubran recommended that the Board accept the following completed construction projects: rehabilitation of the sanitary sewer lines in Champion Forest, Section 1, and construction of utilities to serve a 16-acre development. Following review and discussion, Director Smyth moved that the Board accept the completed construction projects. Director Petrick seconded the motion, which was approved by unanimous vote.

## ADDITIONAL ACTION ITEMS FROM THE OPERATOR

### 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. Director Smyth seconded the motion, which was approved by unanimous vote.

### AUTHORIZE REPAIR AND MAINTENANCE ITEMS

Mr. Haas reported that the starter for the motor for water well no. 2 was replaced as authorized by the Board. He stated that the District's insurance company was notified of the replacement but that the cost is most likely less than the deductible.

### 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.

## ADDITIONAL ACTION ITEMS FROM THE OPERATOR

Mr. Haas reported on a request from Earth Data Solutions, Inc. for a link to Aqua Services customer consumption information.

Mr. Haas introduced Gus Gustafson. He stated that Mr. Gustafson will work as the District's Aqua Services representative. Director Petrick requested that Mr. Haas update Mr. Gustafson on the District's irrigation taps.

Mr. Haas reported on a site inspection of the Hot Wax Auto Salon located at 9302-B Louetta Road. He stated that a tap request has not been processed for the car wash establishment. He stated that testing of the establishment's discharge will be performed. Mr. Robinson reviewed procedures for discharge of industrial waste under the District's Rate Order. Following review and discussion, Director Smyth moved that the Board authorize the engineer to process a tap request for the car wash establishment and request that discharge cease immediately, if the test determines that discharge other

than ordinary domestic waste is occurring. Director Petrick seconded the motion, which was approved by unanimous vote.

#### REVIEW OPERATOR'S CONTRACT

Mr. Haas reported that Aqua Services is not requesting any changes to the operator's contract. Following discussion, the Board concurred to consider the operator's contract and discuss requesting proposals for operator services during the July regular meeting of the Board.

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

#### DISCUSS MATTERS RELATED TO NHCRWA

Director Smyth reported on the North Harris County Regional Water Authority ("NHCRWA") Board meeting held on April 2, 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. No action was taken by the Board.

#### DISCUSS MATTERS RELATED TO HOMEOWNERS ASSOCIATION MEETINGS

Director Petrick reported on meetings of the Champion Forest Maintenance Fund and the Champion Forest Garden Club. In response to Director Petrick's inquiry from a homeowner, Mr. N. Joubran stated that cathodic protection inside of the elevated storage tank is included in the specifications for the project. No action was taken by the Board.

#### REPORT ON PARK MATTERS

There was no update on park matters.

#### 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 regular meeting of the Board.

## REVIEW PROPOSALS FOR RENEWAL OF INSURANCE POLICIES

Ms. Cherne distributed proposals for insurance from The Essential Group and AquaSurance Insurance services and a comparison chart. She reported that an insurance proposal from Harco Insurance Services and an updated comparison chart will be distributed to the Directors before the May regular meeting. The Board concurred to receive presentations on the insurance proposals at the May regular meeting.

## DISCUSS DIRECTOR APPOINTMENT PROCESS

The Board concurred to table this item.

## DISCUSS ITEMS FOR INCLUSION ON THE NEXT MEETING AGENDA

The Board next discussed holding a special meeting on May 22, 2007, to adopt an Order Canvassing the Results of the Bond Election. The Board concurred to receive a presentation on the Geographical Information System during the May 22, 2007 special meeting.

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

[SIGNATURE PAGE FOLLOWS]

[SIGNATURE PAGE FOR THE MINUTES OF THE APRIL 3, 2007, BOARD MEETING]

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Secretary, Board of Directors

(SEAL)

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