

MINUTES OF SPECIAL MEETING
OF
CYPRESS FOREST PUBLIC UTILITY DISTRICT

June 15, 2007

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 June, 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:

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

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

Also present for all or part of the meeting were the following: Fred Jones, Jim Reed, Rozann Janek, Ross Richardson, and Roy Riley, residents; Kim Shelnett of Myrtle Cruz, Inc.; Salim Joubran and Nabil Joubran of Pepe Engineering, Ltd. ("Pepe"); and Gus Gustafson of Aqua Services, L.P. ("Aqua Services").

AUTHORIZE ATTENDANCE AT AWBD

The Board considered authorizing Fred Jones' attendance at the Association of Water Board Directors summer conference. Following review and discussion, Director Smyth moved that the Board authorize Mr. Jones' attendance at the conference and approve reimbursement of eligible expenses. Director Petrick seconded the motion, which passed by unanimous vote.

APPROVE DISTRIBUTION OF PUBLIC COMMUNICATION

The Board next considered distributing informational brochures in the District's utility bills. Following review and discussion, Director Jackson moved that the Board authorize distribution of the brochures for the next four months. Director Petrick seconded the motion, which was approved by unanimous vote. Ms. Payne and

Directors Smyth and Jackson will present a plan for the ongoing communication process to include ideas, goals, and funding at the October regular meeting.

CONDUCT WORKSHOP ON RATE STRUCTURES AND 2008 BUDGET

The Board next conducted a workshop on the District's rate structures contained in the Rate Order. Following review and discussion, Director Petrick moved that the Board adopt a five-tier water rate structure and a flat fee of \$21.50 for sewer charges for Single Family Residential Users. Director Smyth seconded the motion, which was approved by unanimous vote. Upon a motion made by Director Petrick and seconded by Director Smyth, the Board voted unanimously to raise water rates for Multi-Family Residential Users to \$10.00 for the first 5,000 gallons of water usage and to \$1.50 per 1,000 gallons used over 5,000 gallons, and to adopt sewer charges of \$20.00 for the first 5,000 gallons of water usage and \$1.00 per 1,000 gallons of additional water usage. Upon a motion made by Director Jackson and seconded by Director Smyth, the Board voted unanimously to adopt a five-tier water rate structure and sewer charges starting at \$20.00 at the lowest water rate tier and increasing by \$20.00 for each water rate tier for Commercial Users. Upon a motion made by Director Smyth and seconded by Director Petrick, the Board voted unanimously to adopt increases in Rate Order fees recommended by Mr. Gustafson and attached hereto.

The Board concurred to table discussions on the budget for fiscal year ending September 30, 2008, until the July regular meeting of the Board.

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

[SIGNATURE PAGE FOLLOWS]

[SIGNATURE PAGE FOR THE MINUTES OF THE JUNE 15, 2007, BOARD MEETING]

Secretary, Board of Directors

(SEAL)

LIST OF ATTACHMENTS TO MINUTES

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