

MINUTES OF REGULAR MEETING
OF
CYPRESS FOREST PUBLIC UTILITY DISTRICT

June 5, 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 5th 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:

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, thus constituting a quorum.

Also present for all or part of the meeting were the following: Tony Kindred of the Raveneaux Country Club; Kim Jackson of *The Houston Chronicle*; Dave Normand, Chris Normand, Ross Richardson, Robert Jackson, 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.; Gus Gustafson of Aqua Services, L.P. ("Aqua Services"); Barbara Payne of Payne Communications; Greer Pagan of Allen Boone Humphries Robinson LLP ("ABHR"); and Justine M. Cherne, Recording Secretary.

RECEIVE PUBLIC COMMENTS

Director Lynch opened the meeting to receive public comments. Mr. Jackson addressed the Board regarding the Bond Election held last month. A copy of his public comment card is attached. He stated that he will forward to the Board a letter regarding his comments.

Director Jackson reported that she received a call from a concerned resident regarding a neighbor who is blowing grass remains into the storm sewer. The Board

concurred that it is not a District matter and the resident should work with Harris County. 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

Board members noted changes to the minutes of the May regular and special meetings. The Board requested that the pages of the bookkeeper's report which reflect the 2007 fiscal year budget be removed from the Consent Agenda for discussion under additional bookkeeper's items. Upon a motion made by Director Petrick and seconded by Director Lawrence, the Board voted unanimously to approve the items on the Consent Agenda except for the 2007 fiscal year budget. Copies of the tax assessor/collector's report, the bookkeeper's report, the engineer's report, including Pay Estimate No. 3 and Final in the amount of \$21,700.00 payable to M.K. Painting, Inc. for rehabilitation of the elevated storage tank at water plant no. 1, and the operator's report are attached.

ADDITIONAL ACTION ITEMS FROM THE BOOKKEEPER, DISCUSS BUDGET

Ms. Shelnutt reviewed with the Board a draft operations budget for fiscal year ending September 20, 2008. Discussion ensued regarding revising the form of the budget to reflect cash flow, and variable and fixed expenses. The Board next reviewed the District's 2007 fiscal year budget.

Ms. Shelnutt next reviewed with the Board one additional check in the amount of \$120.10 for meeting expenses. Following review and discussion, Director Lawrence moved that the Board approve the additional check. Director Petrick seconded the motion, which was approved by unanimous vote.

ADDITIONAL ACTION ITEMS FROM THE TAX ASSESSOR/COLLECTOR

Ms. Flores reviewed the preliminary assessed value for 2007 in the amount of \$592,514,674 received from the Harris County Appraisal District. She next reviewed the delinquent tax report. Following review and discussion, Director Lawrence moved that

the Board authorize the delinquent tax attorney to proceed with the collection of delinquent taxes. Director Jackson seconded the motion, which was approved by unanimous vote.

ADDITIONAL ACTION ITEMS FROM THE ENGINEER

FINAL REPORT ON ANALYSIS OF FLOOD PLAIN MAPS

Mr. N. Joubran stated that the analysis of the flood plain maps is ready and that he is waiting for legal approval to present the analysis to the Board. Mr. Pagan stated that he has no objections to presenting the information and noted that the District is not the flood plain administrator and is not required to provide such information. Following discussion, Mr. N. Joubran stated that he will present the analysis at the July regular meeting. The Board stated that the presentation should be subsequently placed onto the District's website.

EMERGENCY WATER SUPPLY CONTRACT

Mr. N. Joubran next reviewed possible interconnect points with neighboring utility districts and actions undertaken to evaluate the possible interconnects. He recommended installing an interconnect with Harris County Water Control Improvement District No. 116 ("WCID 116"). Mr. Pagan discussed the varied provisions of typical emergency water agreements. Following review and discussion, Director Jackson moved that the Board authorize the engineer to forward a letter to WCID 116 to request consideration of the proposed interconnect. Director Lawrence seconded the motion, which was approved by unanimous vote.

DISCUSS HOT WAX AUTO RATE ORDER COMPLIANCE

Mr. N. Joubran reminded the Board what actions have been previously undertaken regarding the illegal utility connection into the Conoco gas station by the Hot Wax Auto Salon located at 9302-B Louetta Road. He stated that an application for utility service must be provided to the District's engineer with plans and specifications for a grease trap by the car wash owner within 30 days of the May 22, 2007, meeting for review by the Board of Directors at the July regular meeting; and the grease trap must be installed by the August 7, 2007, meeting of the Board of Directors. He stated that he will keep the Board apprised of the status of compliance by the owner.

WATER PLANT NO. 1

Mr. N. Joubran recommended that the Board accept the completed elevated storage tank rehabilitation project. Following review and discussion, Director Petrick moved that the Board accept the completed project. Director Jackson seconded the motion, which was approved by unanimous vote. A copy of the Engineer's Certificate of Completion is attached. Mr. Gustafson reported on coordination with the Fire

Department to install the department's radio antenna on top of the elevated tank. In response to Mr. Reed's statement that bushes have been damaged at the site, Mr. N. Joubran stated that he will re-visit the site. Mr. Reed indicated that he will check the site again and advise Pepe if this is still an issue.

Mr. N. Joubran reported that the contractor has completed the conduit, conductors and contractor installation for the well motor at Water Plant No. 1. He stated that the 90 KVAR capacitor is on order and expected to be delivered and installed by the next Board meeting.

RAVENEUX TRACT SURVEY FOR PARKS AND TRAILS

Mr. N. Joubran reported that a site plan for a section of the Raveneaux Country Club tract proposed to be made available for a possible District drainage facility and park development has been requested from Brown & Gay Engineers, Inc. Following discussion, the Board concurred to table authorization of a survey at this time.

ADDITIONAL ACTION ITEMS FROM THE OPERATOR

CONSIDER CUSTOMER CORRESPONDENCE

No customer correspondence was presented.

CONDUCT HEARING ON TERMINATION OF WATER SERVICE

Mr. Gustafson 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 Jackson 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 Champions Cove Homeowners Association. Director Lawrence seconded the motion, which was approved by unanimous vote.

AUTHORIZE REPAIR AND MAINTENANCE ITEMS

There were no additional repair and maintenance items.

EMERGENCY WATER SUPPLY CONTRACT WITH WCID NO. 114

Mr. Gustafson recommended that the District pay the amount of \$0.60 plus the North Harris County Regional Water Authority Fee to Harris County W.C.I.D. No. 114 ("WCID 114") for the use of 6,500,000 gallons of water under the Emergency Water Supply Contract, instead of returning the water due to water quality concerns.

Following discussion, Director Petrick moved that the Board authorize payment to WCID 114 as recommended. Director Lawrence seconded the motion, which was approved by unanimous vote.

ADOPT AMENDED RATE ORDER

The Board next discussed amending the District's Rate Order. Director Petrick stated that the District's operating expenses are not being covered by the District's revenues. Following discussion, the Board concurred to hold a special meeting on Friday, June 15, 2007, at 9:00 a.m. to discuss the District's budget for fiscal year ending September 30, 2008, and to conduct a workshop on rate structures.

ACCEPT DIRECTOR LAWRENCE'S RESIGNATION

The Board next considered the resignation of Director Lawrence. A copy of Director Lawrence's resignation letter is attached. Director Lawrence stated that it has been a pleasure to serve on the Board. The Directors thanked Director Lawrence for his service. Following discussion, Director Smyth moved that the Board accept Director Lawrence's resignation. Director Petrick seconded the motion, which was approved by unanimous vote.

DISCUSS BOND ELECTION

The Board next discussed implementing security measures during District elections to protect the election judges. Mr. Pagan stated that the District is able to enter into a contract with an off-duty constable to provide security services. The Board concurred to consider implementing security measures during discussion of the next District election.

PUBLIC COMMUNICATIONS

The Board requested that the results of the District's Bond Election be placed into the Champion Forest Womens' Newsletter.

Ms. Payne next reviewed the number of hits to the District's website for the months of May through the beginning of June 2007. She reported that the website contains a form for completion by those who want to receive e-mail notifications when the agenda has been posted to the District's website. She stated that there has been an increase in the number of resident inquiries through the website which are being handled by the District's consultants.

Ms. Payne distributed a proposed draft newsletter for review. She recommended that the Board develop long-term communication objectives and strategies.

Ms. Payne next distributed informational brochures available for distribution with the District's utility bills. Mr. Gustafson stated that he will determine the cost for such distributions and forward the information to Ms. Payne.

Ms. Payne next reported on activities undertaken to research the installation of audio-visual capabilities into the District's meeting room. She stated that her objective is to keep the cost and installation at a minimum. She stated that she will coordinate with Directors Petrick and Jackson to schedule times for proposed vendors to obtain site specifications, measurements, and photos.

GARBAGE COLLECTION SERVICES

Ms. Payne next reviewed a summary of the results of a survey regarding garbage collection services distributed by Champion Forest Fund, Inc., a copy of which is attached. She stated that based on the answers received from the survey, the majority of residents are currently dissatisfied with the current services and are willing to pay more to have the previous service schedule and backdoor pickup reinstated.

Mr. Richardson presented a letter to the Board regarding the results and stated that Champion Forest Fund, Inc. welcomes the opportunity to work with the District on garbage collection services and other neighborhood issues of concern. A copy of the letter is attached.

EFFLUENT REUSE PROJECT FOR LANDSCAPE IRRIGATION

Director Smyth reported that the proposed effluent reuse project for landscape irrigation is on hold while Ms. Blackwell adds other possible partners in the project. She stated that the deadline for adding partners is September 4, 2007, and that she will update the Board after the deadline.

REPORT ON PARK MATTERS

Director Petrick updated the Board on park matters. He reported that Harris County will build a bridge that will connect Meyer and Collins Parks. He stated that Harris County has acquired four acres and is working to acquire more acreage to provide for park development between Collins Park and T C Jester Boulevard. He stated that he is scheduled to attend a meeting on Monday with Kickerillo Company to discuss park development in the area west of the District.

Director Petrick reported on a meeting he attended with Director Lynch to discuss park and trail development matters with JP Realty. He stated that Tim Green, Tony Kindred, Mark Jordan, and Steve Robinson attended the meeting. He stated that a plat of the proposed development project for the Raveneaux Country Club tract was received at the meeting and distributed to the Board members via e-mail after the meeting. He reported that he is working with the engineering group for the

development project to determine whether park and trails can be developed on a portion of the tract located outside of the District to use for future District drainage improvements.

DISCUSS PROPOSED DEVELOPMENT PROJECT

The Directors stated that Mr. Kindred and Mr. Jordan have not provided the information requested by the Board 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. Kindred reported that he has notified the engineers for the proposed development to provide the District's engineers with information regarding the tract of land located east of Champion Forest Drive for possible use as park and drainage facilities for the District. He stated that the preliminary plat for the proposed development has been approved by Harris County and that approvals from Harris County Flood Control District, Federal Emergency Management Agency, and the US Army Corps of Engineers have been received. He stated that the Conditional Letter of Map Revision is on file but not yet approved. He stated that utility service for the portion of the tract located outside of the District has been received from Kleinwood Municipal Utility District.

DISCUSS STRATEGIC PARTNERSHIP AGREEMENT

Mr. Pagan discussed the procedures for entering into and the terms of Strategic Partnership Agreements with the City of Houston (the "City"). He stated that the City has not been able to enter into such an agreement with the District because the City does not have such agreements which are contiguous with the District's commercial development. Following discussion, the Board authorized Mr. Pagan to continue to inquire with the City about the possibility of entering into such an agreement.

TECHNOLOGY: GIS

The Board concurred to receive a presentation on the Geographical Information System at the July regular meeting.

TOWN HALL MEETINGS

The Board next discussed holding town hall meetings. Director Lynch proposed a schedule of town hall meetings for the summer. Discussion ensued of how to better communicate with the residents. Following discussion, the Board concurred to table setting a schedule at this time.

DISCUSS MATTERS RELATED TO NHCRWA

Director Smyth reported on the North Harris County Regional Water Authority ("NHCRWA") Board meeting held on May 7, 2007. A copy of Director Smyth's written report on the NHCRWA Board meeting is attached.

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. A copy of the minutes of the Joint Powers Board meeting is attached.

DISCUSS MATTERS RELATED TO HOMEOWNERS ASSOCIATION MEETINGS

Director Petrick reported on meetings of and activities related to the Champion Forest Maintenance Fund and the Champion Forest Villas.

APPOINT NEW DIRECTOR TO THE BOARD

Director Lynch noted that four Director candidate resumes were distributed to the Board on May 29, 2007. The Board next discussed a Director appointment process to replace Director Lawrence. Following discussion, the Board concurred that each Director would rank each candidate with point values of 0 to 4, with the candidate obtaining the most points to be chosen as the candidate to replace Director Lawrence. Following review of the Directors' candidate rankings, Mr. Pagan reported that Fred Jones received the most points, 13. Points for the other candidates were as follows: 8 for Dave Normand, 7 for Greg DiCioccio, and 6 for Jim Reed. Copies of the Directors' candidate rankings are attached. Director Jackson moved that the Board appoint Fred Jones as a Director to the Board. Director Smyth seconded the motion, which was approved by unanimous vote.

DISCUSS ITEMS FOR INCLUSION ON THE NEXT MEETING AGENDA

The Board next discussed items for inclusion on the agendas of the special meeting to be held on June 15, 2007 and the regular July meeting. The Board discussed whether the July regular meeting needed to be rescheduled due to the Independence Day holiday. Following discussion, the Board concurred that the July regular meeting did not need to be rescheduled.

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 5, 2007, BOARD MEETING]

Secretary, Board of Directors

(SEAL)

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