

MINUTES  
CYPRESS FOREST PUBLIC UTILITY DISTRICT

December 4, 2007

The Board of Directors (the "Board") of Cypress Forest Public Utility District, Harris County, Texas, met in regular session, open to the public, on the 4th day of December, 2007, at the Cypress Forest Public Utility District's Administrative Building, 16215 Champion Forest Drive, Spring, Texas 77379, inside the boundaries of the District, and the roll was called of the members of the Board:

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

and all of the above were present, thus constituting a quorum.

Also present for all or part of the meeting were the following: Greg DiCioccio, Wally Bircher, and James Reed, residents; Vic Fowler and Steve Williams of Kleinwood MUD; Esther Flores of Tax Tech, Inc.; Nabil Joubran of Pepe Engineering, Ltd. ("Pepe Engineering"); Kim Shelnett of Myrtle Cruz, Inc.; Gus Gustafson of Aqua Services, L.P. ("Aqua Services"); Greer H. Pagan of Allen Boone Humphries Robinson LLP; and Kristen Hogan, Recording Secretary.

RECEIVE PUBLIC COMMENTS

Director Lynch opened the meeting to receive public comments. There were no public comments.

CONSENT AGENDA:

APPROVE MINUTES

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

ENGINEER'S REPORT, INCLUDING LONG-TERM MAINTENANCE PLAN

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 and Delinquent Tax Roll, the engineer's report, and the operator's report are attached.

#### BOOKKEEPER'S REPORT

The Board next reviewed the bookkeeper's report. Ms. Shelnutt presented four additional checks for Director fees of office for the November 30, 2007, meeting. In response to a question from Director Jones, Ms. Shelnutt stated that she will determined the reason for the discrepancy in actual versus budgeted interest revenue and sewer revenue. The Board next reviewed a breakdown of the proposed transfer of funds from the 2008 operating reserve to the maintenance and operating fund, a copy of which is attached. The Board then discussed using construction funds to reimburse the operating account for repairs to facilities previously constructed with bond proceeds. Mr. Gustafson stated that he will work with the District's attorney to determine the repairs eligible to be funded from surplus construction funds. Following review and discussion, Director Lynch moved to approve the bookkeeper's report and payment of the checks. Director Petrick seconded the motion, which was approved by unanimous vote. A copy of the bookkeeper's report is attached.

#### ADDITIONAL ACTION ITEMS FROM THE TAX ASSESSOR/COLLECTOR

Ms. Flores stated that there were no additional items for the Board's consideration. She requested that an item be added to next month's agenda for the Board to consider approving a new tax assessor/collector's contract to engage her as the District's tax assessor/collector because she is acquiring Tax Tech, Inc. from Greg Ordeneaux, the District's current tax assessor/collector.

#### HARRIS COUNTY APPRAISAL DISTRICT BOARD OF DIRECTORS ELECTION

Mr. Pagan stated that Glenn E. Peters was the only candidate nominated for the water district position on the Board of Directors of the Harris County Appraisal District. He stated that the deadline to cast the District's votes for a water district director is December 15, 2007. He presented a Resolution Voting for Director for Board of Directors Election for the Harris County Appraisal District for the Board's consideration. After review and discussion, Director Jackson moved to adopt the Resolution to cast the District's vote for Glenn E. Peters and direct that the Resolution be filed appropriately and retained in the District's official records. Director Petrick seconded the motion, which passed unanimously.

#### AUTHORIZE CONSULTANTS TO PREPARE ANNUAL REPORT IN ACCORDANCE WITH THE DISTRICT'S CONTINUING DISCLOSURE OF INFORMATION AGREEMENT AND AS REQUIRED BY SEC RULE 15c2-12

Mr. Pagan informed the Board that the District is required to file an Annual Report in accordance with the Continuing Disclosure of Information Agreement and

SEC Rule 15c2-12. He stated that certain financial information and operating data is required to be updated annually due to the covenants contained in the bonds issued by the District. After discussion, Director Petrick moved to authorize the consultants to prepare the Annual Report. Director Smyth seconded the motion, which was approved by unanimous vote.

#### ADDITIONAL ACTION ITEMS FROM THE ENGINEER

There were no additional items from the engineer.

#### ADDITIONAL ACTION ITEMS FROM THE OPERATOR

Mr. Gustafson reviewed action items undertaken since the last meeting. He presented pictures of a sinkhole issue caused by a broken sanitary sewer force main owned by Louetta North Public Utility District at 9710 Chipstead Circle. Copies of the pictures are attached. He next presented a summary of the District's Water Wise Credits received for sponsoring students of Brill Elementary in the Subsidence District's water conservation education program. He reviewed potential revenues for sale of the District's Credits, based on various estimated sale prices. A copy of the summary is attached.

#### CONSIDER CUSTOMER CORRESPONDENCE

There was no customer correspondence.

#### AUTHORIZE REPAIR AND MAINTENANCE ITEMS

There were no additional repair and maintenance items.

#### BILLING PROCEDURES

Mr. Gustafson stated that he obtained a copy of the Agreement to Water Supply and Waste Disposal Contract between the District and Raveneaux Country Club from ABHR. He presented an analysis of the rates charged to Raveneaux Country Club and said the District has been under-billing for water and has been over-billing for wastewater for a net under-billing total of \$10,503.50. A copy of the analysis is attached. The Board considered the appropriate action to correct the issue and concurred to authorize the operator to send a letter to Raveneaux Country Club stating that the District will not backcharge them for the amount under-billed, but will now begin charging the appropriate water and sewer rates, pursuant to the Agreement to Water Supply and Waste Disposal Contract.

The Board next discussed the District's agreement with Kleinwood MUD for water and sewer service to serve the Randall's shopping center. Mr. Gustafson stated

that he will obtain a copy of such agreement from ABHR to ensure Kleinwood MUD is being billed properly.

#### CONDUCT HEARING ON TERMINATION OF WATER SERVICE

The Board next conducted a hearing on the termination of water service. Mr. Gustafson reported that the customers included on the termination list attached to the operator's report 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 declare why the utility service should not be terminated for reason of nonpayment. After receiving Mr. Gustafson's report, Director Smyth made a motion to send additional notification to the customers on the list that their accounts are delinquent and request payment of their bills. Director Petrick seconded the motion, which was approved by unanimous vote.

After discussion, Director Smyth moved to approve Mr. Gustafson's report. Director Petrick seconded the motion, which passed unanimously.

#### TECHNICAL ADVISORY GROUP REPORT

Director Jones reported on responses received to the letter that he distributed to engineers residing within the District to determine whether the engineers would be interested in participating as an ad hoc advisory group for specific projects. He stated that he is waiting for additional responses and will provide an update at next month's meeting.

#### PUBLIC COMMUNICATIONS

Director Smyth next reported on public communications activities. She reviewed a report on the number of hits to the District's website, a copy of which is attached. She reported that the fifth grade students attending Brill Elementary School created 2008 water conservation calendars for the District's proposed contest.

#### EFFLUENT REUSE PROJECT FOR LANDSCAPE IRRIGATION

Director Smyth reported on a presentation regarding the proposed effluent reuse project for landscape irrigation at the previous meeting of the Kleinwood Regional Wastewater Treatment Plant Joint Powers Board. She stated that she will report on the matter at next month's meeting once additional feedback is received regarding the districts that intend to partner with the District on the proposed project.

#### REPORT ON PARK MATTERS AND RAVENEAUX DEVELOPMENT

Director Petrick updated the Board on park matters. He discussed Mark Jordan's proposal for a trail north of Cypress Creek east of Champions Drive, a bridge over

Cypress Creek, and trail continuing south of Cypress Creek west of Champions Drive. He then reported on a meeting he attended with representatives of Harris County and stated that the County is still in support of the trail project. Director Petrick presented Mr. Jordan's proposed plans for the trail location and recommended that the Board schedule a special meeting to consider the following five issues related to the Raveneaux Country Club tract: (1) parks; (2) trails; (3) utilities; (4) reimbursement; and (5) annexation. After discussion, the Board concurred to schedule a special meeting to discuss the trail and other Raveneaux Country Club tract issues on December 14, 2007, at 9:00 a.m.

#### DEVELOPMENT OF A BUSINESS PLAN

Director Smyth reported on efforts to obtain a list of potential consultants to assist the Board with defining the Board's goals and development of a written business plan. She stated that the consultants that have been identified are being researched.

#### DISCUSS MATTERS RELATED TO NHCRWA

Director Smyth reported on discussions at the December 3, 2007, meeting of the Board of Directors of the North Harris County Regional Water Authority ("NHCRWA"), a copy of which is attached. She discussed the NHCRWA's plans for conversion to surface water, including proposed locations for transmission lines. She discussed presentations that were made at the November 2, 2007, NCPWP Water Workshop regarding financing of water systems and asset evaluation programs.

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

Director Lynch reported on the Joint Powers Board monthly 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 stated that The Champion Forest Fund, Inc. tabled discussion of its request for the District to fund street light expenses until next month.

#### DISCUSS ITEMS FOR INCLUSION ON THE NEXT MEETING AGENDA

The Board next discussed items for inclusion on the agenda of the regular January meeting. Director Smyth requested that ABHR ensure the appropriate item is on the January agenda for the Board to receive a presentation from Tom Rolen, NHCRWA Engineer Manager, regarding issues related to the District's infrastructure planning for the mandated conversion to surface water.

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

[SIGNATURE PAGE FOR THE MINUTES OF THE DECEMBER 4, 2007, BOARD MEETING]

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Asst. Secretary, Board of Directors

(SEAL)

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