

MINUTES OF REGULAR MEETING
OF
CYPRESS FOREST PUBLIC UTILITY DISTRICT

September 4, 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 4th day of September, 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
Linn Jensen Smyth	Assistant Secretary
Fred P. Jones	Assistant Vice President

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

Also present for all or part of the meeting were the following: Greg DiCioccio, Robert Jackson, and James Reed, residents; Wendy Fryfogle of the Champion Forest Garden Club; Robert Belt, CPA, of Sandersen Knox & Belt, LLP; Noel Barfoot of McCall, Gibson Company PLLC; Esther Flores of Tax Tech, Inc.; Salim Joubran and Nabil Joubran of Pepe Engineering, Ltd. ("Pepe Engineering"); Kim Shelnett of Myrtle Cruz, Inc.; Gus Gustafson of Aqua Services, L.P. ("Aqua Services"); Barbara Payne of Payne Communications; and Justine M. Cherne, Recording Secretary.

RECEIVE PUBLIC COMMENTS

Director Petrick opened the meeting to receive public comments. There were no public comments. Director Smyth reported on responses to inquiries received through the District's web site. No action was taken by the Board.

CONSENT AGENDA:

APPROVE MINUTES

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

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

Director Smyth requested that the bookkeeper's and the engineer's reports be removed from the Consent Agenda. Upon a motion made by Director Jones and seconded by Director Smyth, the Board voted unanimously to approve the remaining items on the Consent Agenda. Copies of the tax assessor/collector's report and the operator's report are attached.

REVIEW AUDITOR PROPOSALS

The Board next received presentations on proposals for fiscal year-end auditing services received from Mr. Belt of Sandersen, Knox, & Belt, LLP and Noel Barfoot of McCall, Gibson & Company, PLLC. Following the presentations, the Board concurred to consider engaging an auditor at the October regular meeting after receiving a presentation from Mark L. Roth, CPA.

ADDITIONAL ACTION ITEMS FROM THE BOOKKEEPER, DISCUSS AMENDING BUDGET

Director Smyth requested that check nos. 2439 and 2480 be withheld for payment at this time. Ms. Shelnutt stated that check no. 2439 was approved and distributed at the August regular meeting of the Board.

Ms. Shelnutt next reviewed with the Board three additional checks for expense reimbursement and meeting expenses, and reported that check no. 2445 was voided. Following review and discussion, Director Smyth moved that the Board approve the additional checks and the bookkeeper's report with the exceptions noted. Director Jackson seconded the motion, which was approved by unanimous vote. A copy of the bookkeeper's report is attached.

There were no amendments to operations budget for fiscal year ending September 20, 2008.

CONDUCT ANNUAL FUND REVIEW

The Board concurred to table this item pending receipt of information from ABHR.

ADDITIONAL ACTION ITEMS FROM THE TAX ASSESSOR/COLLECTOR

Ms. Flores reported that the Harris County Appraisal District indicated that certified taxable values may be available by mid-September.

ADDITIONAL ACTION ITEMS FROM THE ENGINEER

Ms. Shelnutt and Mr. N. Joubran responded to questions regarding engineering invoices for Job Nos. 608 and 712.

EMERGENCY WATER SUPPLY CONTRACT

Ms. Cherne reported that a draft Emergency Water Interconnect Agreement with Harris County Water Control Improvement District No. 116 ("WCID 116") is expected to be reviewed by the Board of WCID 116 at their monthly meeting scheduled for next week.

UPDATE ON HOT WAX AUTO RATE ORDER COMPLIANCE

Mr. N. Joubran updated the Board on the actions undertaken to address compliance with the District's Rate Order by the utility connection into the Conoco gas station by the Hot Wax Auto Salon car wash located at 9302-B Louetta Road. He reported that Keith Bynum, the representative of the Hot Wax Auto Salon, contacted him and stated that the owner of the car wash, Darryl Beal, is not willing to incur the cost of installing a grease trap without an agreement with the landowner of the commercial center where the Conoco gas station is located. Mr. Bynum told Mr. N. Joubran that Mr. Beal has been unable to contact the landowner who is in India. Mr. N. Joubran stated that the documentation and engineering drawings for the grease trap have not been received from the car wash per the Board's requirements. Discussion ensued regarding whether the dry cleaner is connected to the meter serving the gas station and car wash facilities. Following discussion, Director Jones moved that if the dry cleaner is served by a separate meter, the operator forward a letter to the owner of the commercial center where the Conoco gas station is located and to Mr. Beal to request that car washing cease until the specified grease trap is installed and to notify them that water and sanitary sewer utility service will be disconnected within 15 days of the letter unless the engineer receives the required documentation and engineering drawings. Director Smyth seconded the motion, which was approved by unanimous vote. The Board directed the operator to continue monitoring the discharge from the facility.

ADDITIONAL ENGINEERING ITEMS

Mr. N. Joubran reviewed additional engineering items from his report. Following review and discussion, Director Smyth moved that the Board approve the

engineer's report. Director Jackson seconded the motion, which was approved by unanimous vote. A copy of the engineer's report is attached.

ADDITIONAL ACTION ITEMS FROM THE OPERATOR

Mr. Gustafson reviewed action items undertaken since the last meeting. He next recommended moving ten accounts to an uncollectible list for forwarding to a collection agency. He then reviewed a proposed notice regarding the District's increased rates due to increased fees from the North Harris County Regional Water Authority for inclusion in the October and November utility bills. Discussion ensued regarding notifying the District's residents of the change in the District's water rates which charge increased fees for increased water use. Following discussion, the Board authorized Ms. Payne and the communications committee to work with Mr. Gustafson on revisions to the proposed notice. Mr. Gustafson stated that he will update the analysis of the District's cost to produce 1,000 gallons of water with the new rates.

Mr. Gustafson next reviewed a proposed meter replacement program based on a sample testing of meters. Following review and discussion, the Board concurred to continue with the District's current policy of replacing meters which read two million gallons or more.

CONSIDER CUSTOMER CORRESPONDENCE

There was no customer correspondence.

AUTHORIZE REPAIR AND MAINTENANCE ITEMS

Mr. Gustafson and Mr. N. Joubran next discussed with the Board whether the water well no. 2 pump should be taken out of service for testing based on past performance data and the manufacturer's recommendation or whether to delay testing until repairs are needed. Mr. N. Joubran noted that \$50,000 is included in the 2008 budget for the estimated cost of testing.

Mr. Gustafson stated that he will update the Board on the status of conversations with representatives of the North Harris County Regional Water Authority regarding the possible purchase of water from the District.

ADOPT AMENDED RATE ORDER

The Board next discussed the summary of options for billing homeowners associations for water used for irrigation distributed last month by Mr. Gustafson. Discussion ensued regarding billing options, the District's cost for producing water, the amount of water used by homeowners associations, and the District's objectives for recovering the cost of water used by homeowners associations. After review and discussion, the Board requested that Mr. Gustafson provide additional information on

the amount of usage and the costs for producing the water used by the homeowners associations for irrigation. The Board concurred to review the information and consider adopting an Amended Rate Order at next month's meeting to adjust the method used for irrigation billing.

GRAFFITI REMOVAL

There was no discussion regarding graffiti removal.

REVIEW OPERATOR'S CONTRACT

The Board concurred that the operator's contract was reviewed at last month's meeting and no additional discussion was necessary.

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

Following review and discussion, Director Smyth moved that the Board approve the operator's report and approve moving ten accounts to an uncollectible list for forwarding to a collection agency as recommended. Director Jackson seconded the motion, which was approved by unanimous vote.

TECHNICAL ADVISORY GROUP REPORT

Director Jones reported on a meeting he had with Jim Reed regarding creating a technical advisory group of professional engineers who live within the District. Following discussion, the Board authorized Director Jones to draft and forward a letter 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.

RESIDENTIAL SOLID WASTE COLLECTION CONTRACT

The Board next discussed the District's Residential Solid Waste Collection Contract with WCA Waste Corporation of Texas due to expire on January 31, 2008. Following discussion, the Board authorized ABHR to request proposals for residential solid waste collection services for a Tuesday/Friday collection schedule and including

options for backdoor and curbside garbage and recycling collection. The Board requested that the quotes provide information regarding the number of trucks to be used on service days, the expected hours of service, and the landfill facility to be used.

REVIEW ATTORNEY'S CONTRACT

The Board next performed a review of the attorney's contract. Ms. Cherne stated that no changes to the current attorney's contract are being requested. Following review and discussion, the Board concurred that no action was necessary.

PUBLIC COMMUNICATIONS

Ms. Payne next reported on public communications activities. She reported on the number of hits to the District's web site and stated that the District's newsletter has been distributed. She stated that the brown bag luncheon has been confirmed for September 14, 2007, and that Al Rendl, Vice President of the North Harris County Regional Water Authority, will give a presentation on surface water conversion. She stated that she received a request that the Board consider the purchase of water conservation coloring books for use by second graders attending the Kleinwood Independent School District in the amount of \$5,600. She reported on the distribution of monthly inserts regarding water conservation into the District's utility bills. Following discussion, Director Smyth moved that the Board approve the purchase of water conservation coloring books for use by second graders attending the Kleinwood Independent School District in the amount of \$5,600.00. Director Jackson seconded the motion, which was approved by unanimous vote.

The Board next discussed committee assignments, communication, and the procedures for handling any action to be investigated by the committees. The Board discussed the flow chart for communication procedures adopted at the August 31, 2007, special meeting and concurred that the consultants should directly communicate with the Directors. A copy of the flow chart is attached.

Director Petrick noted that the Champion Forest Women's Newsletter contained an incorrect listing of the Directors' offices. The Board authorized Ms. Payne to forward an article regarding the District's increased water rates to Director Jackson for placement in the Champion Forest Women's Newsletter. Director Petrick stated that he will forward an article regarding park matters to Director Jackson for placement in the Champion Forest Women's Newsletter.

EFFLUENT REUSE PROJECT FOR LANDSCAPE IRRIGATION

Director Smyth reported that three utility districts have agreed to partner with the District on the proposed effluent reuse project for landscape irrigation: Harris County WCID No. 114, Cy-Champ PUD, and Kleinwood MUD. Ms. Shelnett stated that payment has been received from two of the districts and that payment is expected

soon from the third district. Director Smyth stated that Ms. Blackwell will provide an update on the feasibility study at the October regular meeting of the Board.

REPORT ON PARK MATTERS

Director Petrick updated the Board on park matters. He stated that as authorized by the Board, he will form teams consisting of two Board members and citizens to negotiate with landowners for right-of-way acquisition and to coordinate with the community, businesses, and political representatives. He reported that a meeting with Harris County Commissioner Eversole, Harris County's Park Supervisor, Don Hand, and Roy Riley is scheduled for September 5, 2007, to discuss partnership opportunities with Harris County. No action was taken by the Board.

RAVENEAUX DEVELOPMENT

The Board next discussed the proposed development of 67 townhomes on the 7.5 acres of the Raveneaux Country Club tract currently located within the District's boundaries. Directors Petrick and Jackson reported that all indications are that the project is moving forward. Mr. N. Joubran stated that a revised preliminary plat had been conditionally approved by the City of Houston. No action was taken by the Board.

DISCUSS STRATEGIC PARTNERSHIP AGREEMENT

Ms. Cherne reported that the City of Houston is determining whether a Strategic Partnership Agreement ("SPA") with the District can be considered later this year.

DEVELOPMENT OF A BUSINESS PLAN

The Board concurred to table this item.

TECHNOLOGY: GIS

Director Petrick reported that a presentation on the Geographical Information System is not ready yet. Mr. Gustafson and Mr. N. Joubran discussed activities undertaken in preparation for the presentation.

DISCUSS MATTERS RELATED TO NHCRWA

Director Smyth reported that the North Harris County Regional Water Authority Board meeting will be held on September 10, 2007.

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

There was no discussion regarding the Joint Powers Board July 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 homeowners associations located within the District and irrigation, graffiti, and abandoned home issues. He stated that the homeowners associations have been receptive to the Park and Trail plan. He thanked Mr. DiCioccio for his assistance with the temporary repair of a sink hole. No action was taken by the Board.

DISCUSS ITEMS FOR INCLUSION ON THE NEXT MEETING AGENDA

The Board next discussed items for inclusion on the agenda of the regular October 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 SEPTEMBER 4, 2007, BOARD MEETING]

Secretary, Board of Directors

(SEAL)

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