

MINUTES
CYPRESS FOREST PUBLIC UTILITY DISTRICT

September 19, 2008

The Board of Directors (the "Board") of Cypress Forest Public Utility District, Harris County, Texas (the "District"), met in special session, open to the public, on the 19th day of September, 2008, 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:

Thomas J. Petrick	President
Linn Jensen Smyth	Vice President
Fred P. Jones	Secretary
Greg DiCioccio	Assistant Secretary
Michael J. Lynch, Jr.	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: Roy Riley and Jim Reed, residents; John Howell of The GMS Group, LLC; and Barbara Payne of Payne Communications.

2008 TAX RATE

Mr. Howell reviewed a tax rate analysis for the District's debt service fund and discussed the District's debt service fund reserve. After review and discussion, Director Jones moved to authorize the tax assessor/collector to publish in the *Houston Chronicle* a notice of public hearing to be held at the District's regular meeting scheduled on October 7, 2008, regarding the District's adoption of a proposed tax rate of \$0.304, with \$0.20 allocated to debt service and \$0.104 allocated to maintenance and operations. Director _____ seconded the motion, which passed by unanimous vote.

RAVENEAUX DEVELOPMENT

The Board next discussed financing options for the proposed development of a residential subdivision, Kera Village, on a portion of the Raveneaux Country Club tract. Mr. Howell presented three financing options: a ten-year revenue bond, a ten-year bank note secured by a pledge of tax revenues, and a 25-year bond issue secured by a pledge of tax revenues. Significant time was spent discussing the fees associated with each financing approach. Several Board Members expressed their preferences for obtaining financing secured by tax revenues rather than secured by operating revenues. Following discussion regarding procedures required for obtaining a loan from a specific

lending institution, the Board authorized Director Petrick to request an opinion from legal council as to whether the District could obtain a loan from a specific bank or lending institution, or whether such a loan would be required to be publicly bid. Following additional review and discussion regarding the schedule for financing, the Board concurred that a specific financing option could not be chosen at this time because market conditions could be considerably different at the end of year 2009, when financing for the development project will be necessary.

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

[SIGNATURE PAGE FOR THE MINUTES OF THE SEPTEMBER 19, 2008, BOARD MEETING]

Secretary, Board of Directors

(SEAL)