

MINUTES  
CYPRESS FOREST PUBLIC UTILITY DISTRICT

February 5, 2008

The Board of Directors (the "Board") of Cypress Forest Public Utility District, Harris County, Texas (the "District"), met in regular session, open to the public, on the 5th day of February, 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:

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: Narda Martin, Greg DiCioccio, and Jim Reed, residents of the District; Wally Bircher and Arthur Riley of Champion Forest Fund, Inc. ("CFF"); Jacqueline Kern of the Champion Forest Security Committee; Steve Williams and Vic Fowler of Kleinwood MUD; Esther Flores of Tax Tech, Inc.; Nabil Joubran of Pepe Engineering, Ltd. ("Pepe Engineering"); Kim Shelnutt of Myrtle Cruz, Inc.; Gus Gustafson of Southwest Water Company ("SWWC"); Barbara Payne of Payne Communications; Greer Pagan of Allen Boone Humphries Robinson LLP ("ABHR"); and Justine M. Cherne, Recording Secretary.

PUBLIC COMMENTS

Director Lynch opened the meeting to receive public comments. No public comments were made.

MATTERS RELATED TO HOMEOWNERS ASSOCIATION MEETINGS

Ms. Kern presented a letter to the Board requesting funding from the District for installation of reflective curbside numbers in front of all of the homes in Champion Forest. A copy of the letter is attached. She discussed the importance of the legible curb numbers during emergency situations. She reviewed bids for the proposed project and estimated that the project would cost approximately \$24,000. Mr. Riley addressed the Board and requested funding in the amount of \$1,500 for the cost of mailing letters regarding the project to the residents. Following discussion, the Board concurred that this was not a project within the District's purview at this time.

## 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

Ms. Cherne reviewed corrections made to the minutes. 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, the engineer's report, and the operator's report are attached.

## PUBLIC COMMUNICATIONS

Ms. Payne 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, and reported on updates made to the site. She reported on the District's contest for students to create 2008 water conservation calendars and stated that the calendars will be distributed to the District's residents. She reported that the project was completed for \$1,000 under budget. She requested authorization for payment of the printing invoice and prize awards in the amount of \$125.00. She reported on activities related to the Garden Club meeting scheduled for February 14, 2008. She reported that the cost of the 75 gallon rain barrel is \$125.00 and reviewed a proposed order form. The Board discussed distribution of the form. She discussed information to include on the front and back covers of the newsletter.

## BOOKKEEPER'S REPORT

The Board next reviewed the bookkeeper's report. Ms. Shelnutt reviewed the written report and responded to questions from Board members. Discussion ensued regarding the status of the District's bond insurers and the District's investments. Following discussion, the Board authorized Director Jones to coordinate investment activities with Ms. Shelnutt.

Ms. Shelnutt next reviewed a proposed amended budget for fiscal year ending September 30, 2008, a copy of which is included in the bookkeeper's report. Director Jones reviewed a budget analysis and forecast. Discussion ensued regarding additional items for consideration in the budget.

Following review and discussion, Director Smyth moved to approve the bookkeeper's report, payment of the checks, and adopt the amended budget as

presented. Director Petrick seconded the motion, which was approved by unanimous vote.

#### ASSOCIATION OF WATER BOARD DIRECTORS

The Board discussed the District's policies for reimbursement of eligible expenses for the Association of Water Board Directors ("AWBD") conferences. Following discussion, the Board concurred to adopt a policy of no price limits for meals or room service, subject to Board review and discretion, and to authorize Board members to request in advance a check made payable to the conference hotel. Following review, Director Jackson moved to approve reimbursement of eligible expenses and authorize the Directors to attend the AWBD summer conference. Director Smyth seconded the motion, which was approved by unanimous vote.

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

There were no additional action items from the tax assessor/collector.

#### RESOLUTION DESIGNATING AGENT FOR ISSUANCE OF NOTICE OF PURCHASERS

Mr. Pagan next reviewed a Resolution Designating Agent for Issuance of Notice of Purchasers. He stated the resolution updates the Board's designation of the District's tax assessor/collector as the District's agent to issue the form Notice to Purchasers upon any person's written request and payment of a reasonable fee not to exceed \$10.00. After discussion, Director Jones moved to adopt the resolution and authorize filing of the resolution with the Texas Commission on Environmental Quality (the "TCEQ"). Director Jackson seconded the motion, which was approved by unanimous vote.

#### DISTRICT REGISTRATION FORM

The Board next reviewed an updated District Registration Form which includes changes related to the operator and tax assessor/collector. Following review, Director Jones moved to approve execution of the updated District Registration Form and filing of the form with the TCEQ. Director Jackson seconded the motion, which was approved by unanimous vote.

#### ADDITIONAL ACTION ITEMS FROM THE ENGINEER

Mr. Joubran reported that he received a telephone call from a resident who lives in the Champions Villas regarding a problem with bees. Following discussion, the Board authorized Mr. Joubran to contact Harris County Precinct 4 regarding the problem.

## ADDITIONAL ACTION ITEMS FROM THE OPERATOR

Mr. Gustafson reviewed delinquent residential accounts and his efforts to determine the reasons for the delinquencies.

The Board discussed distributing communication regarding the new garbage services and the increased water and sewer rates. Following review and discussion, the Board directed Directors Smyth and Jackson to draft information to be included as an insert with the next water and sewer bills and to be included in the Champion Forest newsletter to notify the residents of the new garbage services and the increased water and sewer rates.

### REPAIR AND MAINTENANCE ITEMS

There were no additional repair and maintenance items.

### ADOPT AMENDED RATE ORDER

The Board next discussed amending the commercial water rates contained within the District's Rate Order to make such rates more consistent with residential rates. After review and discussion, the Board concurred with the following rate adjustments: (1) decrease the minimum monthly charge for commercial water users to \$10.00; (2) increase the monthly water charge for commercial water users to \$1.25 per 1,000 gallons for 8,001-18,000 gallons usage; and (3) decrease the monthly water charge for commercial water users to \$1.75 per 1,000 gallons for 25,001-40,000 gallons usage.

### CUSTOMER CORRESPONDENCE

There was no customer correspondence for consideration.

### 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. Following discussion, Director Jones 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 Smyth seconded the motion, which was approved by unanimous vote.

## SUPERIOR WATER SYSTEM RATING PROCESS

Director Lynch reported on his efforts to follow-up on the District's application to the TCEQ for a Superior Water Rating.

After discussion, Director Jones moved to approve the operator's report and adopt an Amended Rate Order with the noted rate adjustments, effective as of February 1, 2008. Director Smyth seconded the motion, which passed unanimously.

## TECHNICAL ADVISORY GROUP

Director Jones reported that the technical advisory group is in place and contains engineers residing within the District who are interested in participating as an ad hoc advisory group for specific projects.

## DIRECTORS' INITIATIVES

The Board concurred to remove this item from the agenda.

## EFFLUENT REUSE PROJECT FOR LANDSCAPE IRRIGATION

Director Smyth stated that a new report on the proposed effluent reuse project for landscape irrigation is being prepared by Nancy Blackwell and will be available for review at a possible special meeting in March.

## PARK MATTERS

There was no report on park matters.

## RAVENEUX DEVELOPMENT

Mr. Pagan reported that Mr. Joubran received from Brown & Gay Engineers, Inc. the requested information regarding the proposed development of a residential subdivision on a portion of the Raveneaux Country Club tract, Kera Village. The Board concurred to discuss these items at the special meeting scheduled for Friday, February 8, 2008.

Mr. Hand and Ms. Martin addressed the Board regarding the proposed development. Mr. Hand requested that the Board consider all of its options. Ms. Martin discussed her conversations with Mr. Jordan of Raveneaux Partners, LP/Kera Development LP and a letter, executed by District residents, which she forwarded to Mike Talbott of the Harris County Flood Control District. The Board requested that copies of the letter be distributed.

## DEVELOPMENT OF A BUSINESS PLAN

Director Jones reviewed a strategic business plan, the planning process adopted by Fort Bend MUD No. 23, and A Guide to Strategic Planning for Rural Communities. He discussed the qualifications of a proposed consultant, Bill Proctor, to assist the Board with defining the Board's goals and development of a written business plan. He recommended that, due to the upcoming Directors Election, the Board table this item until the June regular meeting of the Board, during which a schedule of meetings could be developed. He stated that Board members may contact Mr. Proctor to discuss his qualifications.

## MATTERS RELATED TO NHCRWA

Director Smyth previously distributed a report regarding the February meeting of the Board of Directors of the North Harris County Regional Water Authority, a copy of which is attached.

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

Director Lynch reported on the Joint Powers Board January meeting and the operations and maintenance of the Kleinwood Regional Wastewater Treatment Plant. He reported that a survey and audit of the number of sewer connections will be performed in response to increased capacity experienced during a rain event which occurred in October 2007. He noted that the Joint Powers Board renewed its contract with AEI Engineering, Inc. He reported that proposals from four operating companies will be presented at the February regular meeting.

## WATER SMART PROGRAM

Director Jackson reported that she is working on the Water Smart Program.

## RENEWAL OF DISTRICT INSURANCE POLICIES

Mr. Pagan reported that the District's insurance policies are due to expire on June 1, 2007. Following discussion, the Board authorized ABHR to request a renewal proposal for the District's insurance policies from the current provider for review.

## 2008 DIRECTORS ELECTION

Mr. Pagan discussed with the Board the procedures for the Directors Election scheduled for Saturday, May 10, 2008. He noted that Directors Petrick, Jackson, and Jones are up for re-election. He reported that candidate applications are due by 5:00 p.m. on March 10, 2008.

### SET PAY FOR ELECTION OFFICIALS

The Board next discussed setting pay for the election officials for the 2008 Directors Election. The Board additionally discussed security issues related to the election judges and concurred to discuss security issues at next month's meeting. Following discussion, Director Smyth moved to set the pay for the election officials at \$13.00 per hour. Director Jackson seconded the motion, which was approved by unanimous vote.

### MEETING SCHEDULE AND AGENDA

The Board next discussed the meeting schedule and items for inclusion on the agendas of scheduled meetings. The Board concurred there will not be a Brown Bag Lunch in February.

### CONVENE EXECUTIVE SESSION

The Board next convened in executive session pursuant to Section 551.072 and 551.087 of the Texas Government Code to discuss and consider the acquisition of real property and the terms and conditions of an economic development package.

### RECONVENE OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION REGARDING ACQUISITION OF REAL PROPERTY AND THE TERMS AND CONDITIONS OF AN ECONOMIC DEVELOPMENT PACKAGE

The Board reconvened in open session. Director Smyth moved to authorize the District's engineers to forward letters to the City of Houston and to Harris County to notify them of the District's ownership of property included in the proposed plat for the development of a residential subdivision on a portion of the Raveneaux Country Club tract, and authorize ABHR to solicit a proposal for engaging a real estate attorney. Director Petrick seconded the motion, which was approved by unanimous vote.

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

[SIGNATURE PAGE FOR THE MINUTES OF THE FEBRUARY 5, 2008, BOARD MEETING]

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Secretary, Board of Directors

(SEAL)

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