

MINUTES
CYPRESS FOREST PUBLIC UTILITY DISTRICT

May 5, 2009

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 May, 2009, at the Cypress Forest Public Utility District 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: Jim Reed, resident of the District; Karen Sears of The Legacy Group; Kim Shelnett of Myrtle Cruz, Inc.; Esther Flores of Tax Tech, Inc.; Nabil Joubran of Pepe Engineering, Ltd. ("Pepe Engineering"); 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 Petrick opened the meeting to receive public comments. There were no public comments.

CONSENT AGENDA:

APPROVE MINUTES

FINANCIAL AND BOOKKEEPING, INCLUDING PAYMENT OF BILLS

TAX ASSESSMENT AND COLLECTION, INCLUDING PAYMENT OF BILLS

ENGINEERING, INCLUDING LONG-TERM MAINTENANCE PLAN

OPERATION OF DISTRICT FACILITIES

EXECUTION OF DISTRICT REGISTRATION FORM

Director Jones requested that the bookkeeper's report be removed from the Consent Agenda. Upon a motion made by Director Lynch 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, the engineer's report, and the operator's report are attached.

ADDITIONAL TAX ASSESSMENT COLLECTION ACTION ITEMS

Ms. Flores reported that the District's preliminary assessed values are not expected before May 28, 2009.

ADDITIONAL FINANCIAL AND BOOKKEEPING ITEMS

Ms. Shelnett reviewed two additional checks for payment of meeting expenses and for payment to Clark Condon Associates for park bond services. She stated that the additional checks will be included on next month's report. She responded to questions regarding the budget. Following review of budget items, Ms. Shelnett stated that she will review and make corrections to the budget. Following additional review and discussion, Director Jones moved to approve the bookkeeper's report and the additional checks as presented. Director Smyth seconded the motion, which was approved by unanimous vote. A copy of the bookkeeper's report is attached.

ADDITIONAL ENGINEERING ACTION ITEMS

Mr. Joubran updated the Board on the District's surface/ground water blending project for Water Plant Nos. 1 and 2. He reported that Director DiCioccio attended the pre-construction meeting with B-5 Construction, Inc. held prior to the Board meeting. He stated that there will be an eight to ten week delay in delivery of equipment from the manufacturer.

Mr. Joubran reported that inspections of the District's two ground storage tanks and the hydro-pneumatic tank located at water plant no. 2 found that all of the welded steel structures are in good condition, with the exception of the interior protective coating system above the high water line. He stated that the interior protective coating should be replaced within two years.

Mr. Joubran reported that as authorized last month, he is coordinating with Director DiCioccio on the development of a draft asset inventory document for evaluation of the efficiency of the District's operations. Discussion ensued regarding the cost of the proposed project. Director DiCioccio stated that he will work to develop a scope of work and an estimated cost for the project to be brought before the Board for consideration.

Mr. Joubran responded to Board members' questions regarding surveying work being performed by Pepe Engineering for installation of the surface water piping and equipment both within the District's water plant no. 2 and along Cypresswood Drive between Cypress Creek and Champion Drive.

HURRICANE IKE, EMERGENCY PLANNING AND DISASTER COMMUNICATIONS

Mr. Gustafson reported that he forwarded to Mr. Joubran emergency action plans specific to the District's water well sites for review. He stated that he has forwarded to Director Smyth information for use in an emergency preparedness card for distribution to the District's residents.

DISTRICT FACILITY OPERATIONS, REPAIR AND MAINTENANCE ITEMS

Mr. Gustafson reported that he forwarded a check in the amount of \$4,000.00 to the District's bookkeeper for sale of Groundwater Bank credits.

Mr. Gustafson next reviewed quotes from Neil Technical Services in the amount of \$24,500.00 for purchase of a used generator with a warranty through October 2009, and \$30,000.00 for purchase of a new generator with a one-year warranty. Following review and discussion, the Board requested that Mr. Gustafson review the maintenance record of the used generator and obtain cost estimates for a rental storage unit.

Mr. Gustafson next distributed a proposed contract proposal from SAMCO for leak detection services for a period of four years.

Discussion ensued regarding development of a process to ensure that the ratio of use of the District's two water wells is efficient. Following discussion, the Board authorized Mr. Gustafson to determine the minimum amount of water required to be produced by well no. 1.

No customer correspondence was presented.

Mr. Gustafson reported that he is working with Director Petrick on the consultant review process prior to presenting an updated operator's contract.

APPROVE CONSUMER CONFIDENCE REPORT

Mr. Gustafson reminded the Board that a Consumer Confidence Report was presented last month for the Board's review. Following discussion, Director Lynch moved to authorize distribution of the Consumer Confidence Report as presented. Director DiCioccio seconded the motion, which was approved by unanimous vote.

CONDUCT HEARING ON TERMINATION OF WATER SERVICE

The Board next conducted a hearing on the termination of water service. Mr. Gustafson stated that the account for 9702 Stockport is being researched for unusual water consumption activity. He reported that the remaining 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 Lynch 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 account being researched. Director DiCioccio seconded the motion, which was approved by unanimous vote.

REQUIREMENTS UNDER HB 3693, CRITICAL LOAD PROGRAM

The Board concurred to consider at the September regular meeting the District's requirements for recording and reporting of electricity, water, and natural gas consumption and for implementing a utility savings plan under House Bill 3693 due to the District's anticipated expenditures of over 200,000 annually for electricity.

The Board next discussed The Legacy Group's Critical Load Program to provide District facility information to CenterPoint Energy and similar information being gathered by Harris County's consultant, CDM. Ms. Sears stated that The Legacy Group's Critical Load Program costs \$1,850 for five years. Following review and discussion, the Board concurred not to join The Legacy Group's Critical Load Program and requested that Mr. Gustafson determine a procedure for directly registering the District's facilities with CenterPoint Energy.

PUBLIC COMMUNICATIONS

Director Smyth reported on public communications activities, including updates to the District's website and newsletter, distribution of articles on drinking tap water and water conservation, sponsorship of the water conservation coloring book program in the Klein Independent School District, coordination on National Night Out with the Champion Forest Fund, coordination with the Champion Forest Garden Club on the Spring into Action program, development and distribution of an emergency preparedness card to the District's residents, coordination with Director Jones on emergency notification signs, and development of emergency communication procedures with the neighborhoods located within the District.

Ms. Payne next asked that the Board consider membership in the Alliance for Water Efficiency. She reported on her upcoming attendance at a Water Conservation Day at the Texas Capitol.

RAVENEUX TRACT DEVELOPMENT, WEST END TRAIL/18TH HOLE PROJECT, BOND SCHEDULE

Mr. Pagan next reported on discussions held between Directors Petrick and Smyth, and Mr. Jordan of JP/Raveneaux Partners, LP and Kera Development, LP (the "Developers") regarding a concept to purchase the park property during a real estate closing which includes conveyance of the trail easement and annexation of the

Raveneaux Golf Club tract. Following discussion, the Board authorized Mr. Pagan to contact Mr. Green of Coats Rose PC to notify him that the Board agrees with the course of action related to the concept as discussed.

Mr. Pagan reported that the application for the issuance of bonds for the acquisition of land for park and recreational facilities submitted to the Texas Commission on Environmental Quality (the "TCEQ") on April 6, 2009, is under technical review.

CONVENE IN EXECUTIVE SESSION

The Board did not convene in executive session pursuant to Sections 551.072, 551.087, and 551.071 of the Texas Government Code to discuss and consider the acquisition of real property, the terms and conditions of an economic development package, and consultation with attorney about pending or contemplated litigation.

Mr. Pagan reported that a hearing is scheduled for May 14, 2009, to consider the District's Motion for Summary Judgment in No. 2009-20986, *Kleinwood Municipal Utility District v. JP/Raveneaux Partners LP, et al.*, in the District Court of Harris County, Texas, 215th Judicial District (the "State Lawsuit"). He stated that a motion has been filed to request payment of attorneys' fees in No. 4:08-CV-3071, *Kleinwood Municipal Utility District v. Cypress Forest Public Utility District, et al.*, in the United States District Court for the Southern District of Texas (the "Federal Lawsuit"). He stated that the plaintiffs' attorney has notified Mr. Viada that they intend to file an appeal in the Federal Lawsuit.

MATTERS RELATED TO NHCRWA

There was no discussion on matters related to the North Harris County Regional Water Authority.

KLEINWOOD REGIONAL WASTEWATER TREATMENT PLANT

Director Lynch reported on the Joint Powers Board meeting and operations and maintenance of the Kleinwood Regional Wastewater Treatment Plant (the "KRWTP"). He reviewed the following KRWTP repair and maintenance projects for the Board's approval: 1) repair of clarifier no. 2 in the approximate amount of \$123,000.00; and 2) installation of an additional generator during the next year at a cost preliminarily estimated in the amount of \$493,350.00. Discussion ensued regarding rental of a generator for the 2009 hurricane season for the KRWTP and payment of the District's 26% share of the KRWTP project costs from the District's Capital Projects Fund. Following review and discussion, Director Lynch moved to approve the repair of KRWTP's clarifier no. 2 and payment of the District's share of costs of approximately \$32,595.00 from the Capital Projects Fund. Director DiCioccio seconded the motion, which was approved by unanimous vote. Director Jones moved to approve the installation of an additional generator at the KRWTP during the next year and payment

of the District's share of costs in the preliminarily estimated amount of \$493,350.00 from the Capital Projects Fund. Director Lynch seconded the motion, which was approved by unanimous vote, except for Director Smyth who was not present for the vote.

MATTERS RELATED TO HOMEOWNERS ASSOCIATIONS

There was no discussion on matters related to homeowners associations.

WATER CONSERVATION PROJECT

There was no discussion regarding the Water Conservation Project.

ADMINISTRATIVE BUILDING AND GROUNDS

Director Petrick reported that the repairs to the District's Administrative Building and grounds are complete.

DEVELOPMENT OF CONSULTANT REVIEW PROCESS

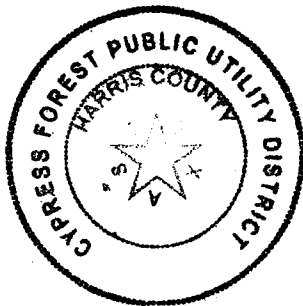
The Board concurred to table this matter.

MEETING SCHEDULE AND AGENDA

The Board next discussed their meeting schedule and items for inclusion on the agenda. Following discussion, Director Petrick requested that Director Lynch forward to him a paper describing the items that Director Lynch would like Mr. Howell to present during a Board meeting.

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

(SEAL)



Fred R. Jones
Secretary, Board of Directors

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