

MINUTES
CYPRESS FOREST PUBLIC UTILITY DISTRICT

November 3, 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 3rd day of November, 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: Alice Kanayan, Jim Hughson, and Jim Reed, residents of the District; Kim Shelnut 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"); Greer Pagan of Allen Boone Humphries Robinson LLP ("ABHR"); and Justine M. Cherne, Recording Secretary.

Director Petrick called the meeting to order.

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

Upon a motion made by Director Lynch and seconded by Director DiCioccio the Board voted unanimously to approve the items on the Consent Agenda. Copies of the bookkeeper's report, tax assessor/collector's report, the engineer's report, and the operator's report are attached.

ADDITIONAL TAX ASSESSMENT COLLECTION ACTION ITEMS

There were no additional tax assessment action items.

2009 TAX RATE

Director Petrick opened the meeting for a public hearing regarding the District's tax rate and upon no comment from the public, the Board concurred to close the public hearing. After discussion, Director Lynch moved to adopt the Order Levying Taxes for the 2009 tax year, levying a District debt service rate of \$0.20, and a maintenance and operation rate of \$0.11, for a total tax rate of \$0.31 per \$100 of assessed valuation, authorize execution and filing of the Amendment to Information Form, and direct that the order and form be filed appropriately and retained in the District's official records. Director Smyth seconded the motion, which passed by unanimous vote. The Board confirmed its intention that the 2009 tax levy includes a debt service component for the calendar year ending December 31, 2010, and a maintenance tax component for the fiscal year ending September 30, 2010.

ADDITIONAL FINANCIAL AND BOOKKEEPING ACTION ITEMS

There were no additional financial and bookkeeping action items.

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 the contractor has completed the installation inside the plant and the project's substantial completion inspection is being scheduled. He stated that there are no pay estimates for consideration. He stated that the contract for construction of the surface water line has been awarded but construction will not begin until right-of-way is obtained. Director Smyth noted that five parcels need to be acquired for right-of-way which includes a parcel owned by the District.

Mr. Joubran reported on the workshop held on October 27, 2009, to discuss the installation, startup, and maintenance and operations of the chloramines injection systems in the District's water plant nos. 1 and 2. Director DiCioccio reported on his attendance at the workshop and at water plant no. 2 for a technical discussion and review of the installation.

The Board next discussed the District's Drainage Agreement with Raveneaux, Limited ("Raveneaux") which requires Raveneaux to maintain the drainage ditch from Cypresswood Boulevard to Cypress Creek. The Board discussed the importance of the ditch which drains a substantial portion of the District's storm water drainage area and commented on the recent rain event. Mr. Pagan stated that a letter was forwarded to Raveneaux on October 12, 2009, to request maintenance of the ditch per the Drainage Agreement. Following discussion, the Board authorized ABHR to forward a follow-up

letter to Raveneaux if maintenance to the ditch is not performed or a response is not received within 30 days to provide notice that the maintenance will be performed by the District and billed to Raveneaux if Raveneaux does not perform the maintenance.

ADDITIONAL DISTRICT FACILITY OPERATIONS ACTION ITEMS

Mr. Gustafson next reviewed a Dead-End Waterlines Flushing Priority List and discussed the benefits and costs of installing automated flushing valves on the District's dead-end waterlines. Copies of the list and related information on automated flushing valves are attached to the operator's report. Following review and discussion, Director Lynch moved to approve the purchase and installation of automated flushing valves on two or three of the District's dead-end waterlines identified as top priority in an amount not to exceed \$2,000.00, to evaluate benefits, installation costs, equipment needs, and maintenance procedures. After additional discussion regarding installation procedures, Director DiCioccio seconded the motion, which was approved by unanimous vote.

Mr. Gustafson explained the benefits of and reviewed examples of the reports generated from the performance of annual infra-red surveys of the electrical equipment at the District's water and sewer plants and lift stations. A copy of information related to such surveys is attached to the operator's report. Following review and discussion, Director Lynch moved to authorize SWWC to add an annual infra-red survey to the District's Preventative Maintenance Program in an amount not to exceed \$2,500.00. Director Smyth seconded the motion, which was approved by unanimous vote.

Mr. Gustafson reviewed cost estimates in the amounts of \$2,463.00 to repair and \$6,086.00 to replace pump no. 2 located at the District's lift station no. 2. Copies of the cost estimates are attached to the operator's report. He stated that the length of warranty for both repair and replacement is one year. Following review and discussion, Director Lynch moved to authorize repair of the pump per the cost estimate. Director Smyth 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 reported on two accounts requiring additional investigation and a third account which was paid in full. 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 three delinquent accounts discussed per Mr. Gustafson's recommendation. Following

discussion regarding termination procedures, Director Jones seconded the motion, which was approved by unanimous vote.

RAVENEUX TRACT DEVELOPMENT, AMENDMENT TO AGREEMENT

Mr. Pagan reported that there have been no developments regarding the District's Raveneux Redevelopment Agreement with JP Raveneux Partners LP and Kera Development LP (the "Agreement") since the District's special meeting held on Friday, October 30, 2009.

PRELIMINARY OFFICIAL STATEMENT AND OFFICIAL NOTICE OF SALE

The Board concurred to table consideration of the preparation of the Preliminary Official Statement and Official Notice of Sale for the District's proposed Bond issue.

PUBLIC HEARING FOR STRATEGIC PARTNERSHIP AGREEMENT

Director Petrick opened the meeting for a public hearing regarding the District entering into a Strategic Partnership Agreement with the City of Houston, and upon no comment from the public, the Board concurred to close the public hearing. Mr. Pagan briefly reviewed the procedures for entering into such an agreement and stated that the City of Houston is likely to approve the agreement next month and begin collecting the sales tax on April 1, 2010. Following review and discussion, Director Jones move to approve and authorize execution of the Strategic Partnership Agreement with the City of Houston. Director Lynch seconded the motion, which was approved by unanimous vote.

PUBLIC COMMUNICATIONS

Director Smyth reported on public communications activities, including distribution of a District newsletter scheduled for the end the week, distribution of a brochure regarding chloramines disinfection, and the posting onto the District's website a message from the Board summarizing the developments related to the Raveneux Redevelopment Agreement with JP Raveneux Partners LP and Kera Development LP, correspondence received from Coats Rose PC, and the approved Third Amendment to the Redevelopment Agreement. Director Jones requested that comments obtained through the website be distributed to the Board members.

WATER CONSERVATION PILOT PROJECT

Director Smyth reported on activities related to the water conservation pilot project, including plantings made by the Champion Forest Garden Club and coordination with Mr. Gustafson on gathering water usage data to monitor the progress of the water conservation project for the District's esplanades.

MATTERS RELATED TO NHCRWA

Director Smyth reported on matters related to the North Harris County Regional Water Authority (the "NHCRWA"), including acknowledgement at the November meeting of the NHCRWA Board of Directors of the District's contribution to water conservation projects, a report that there were 14 bidders on the construction of the surface water transmission line to the District, and the possibility of participating in a new water conservation program in partnership with area municipal utility districts known as the Texas Water Hog Program.

KLEINWOOD REGIONAL WASTEWATER TREATMENT PLANT

Director Lynch reported on the monthly meeting of the Joint Powers Board, and operations and maintenance of the Kleinwood Regional Wastewater Treatment Plant ("KRWTP"), including a credit scheduled to be received for an insurance adjustment and approval for installation of an irrigation system from the KRWTP to the Raveneaux Country Club golf course.

MATTERS RELATED TO HOMEOWNERS ASSOCIATIONS

Director Petrick reported on his attendance at a meeting of the Champion Forest Maintenance Fund Homeowners Association. Discussion ensued regarding billing procedures for public irrigation meters.

MEETING SCHEDULE AND AGENDA

The Board next discussed their meeting schedule and items for inclusion on the agenda.

CONVENE IN EXECUTIVE SESSION, RECONVENE IN OPEN 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.

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

(SEAL)



Fred P. Jones
Secretary, Board of Directors

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