

MINUTES  
CYPRESS FOREST PUBLIC UTILITY DISTRICT

October 6, 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 6<sup>th</sup> day of October, 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; Don Hand of Greenwood Properties, Inc.; Sean McMillan and Humayun Qureshi of Camp Dresser & McKee, Inc. ("CDM"); John Howell of The GMS Group, LLC; Kim Shelnutt of Myrtle Cruz, Inc.; Greg Ordeneaux 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.

ADDITIONAL TAX ASSESSMENT COLLECTION ACTION ITEMS

Mr. Ordeneaux responded to questions from the Board members regarding the Harris County Appraisal District's ("HCAD") procedures for certifying the 2009 tax rolls, including personal property values and the procedures for protesting HCAD certified values.

CONVENE IN EXECUTIVE SESSION, RECONVENE IN OPEN SESSION

The Board convened in executive session at 2:25 p.m. 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.

At 2:57 p.m., the Board reconvened in open session. No action was taken by the Board.

### 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

The Board concurred to remove the bookkeeper's report from the Consent Agenda for consideration later in the meeting. Upon a motion made by Director DiCioccio 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.

### 2009 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 November 3, 2009, regarding the District's adoption of a proposed tax rate of \$0.31, with \$0.20 allocated to debt service and \$0.11 allocated to maintenance and operations. Director Smyth seconded the motion, which passed by unanimous vote.

### NOMINATE A CANDIDATE FOR THE BOARD OF DIRECTORS OF HCAD

Mr. Pagan reported that Glenn Peters of Horsepen Bayou M.U.D. has served on the Board of Directors of the Harris County Appraisal District ("HCAD") for a number of years and is seeking re-election. He stated that Mr. Peters has received nominations as a candidate for this year's election.

### ADDITIONAL FINANCIAL AND BOOKKEEPING ACTION ITEMS

Ms. Shelnutt reviewed two additional checks for payment and a voided and re-issued check. She stated that the additional checks will be included on next month's bookkeeper's report. She next reviewed a check in the amount of \$282.44 for payment to the Texas State Comptroller as required for unclaimed property. Following review and discussion, Director Lynch moved to approve the bookkeeper's report and the

checks presented for payment of the District's bills. Director DiCioccio seconded the motion, which was approved by unanimous vote.

### CONDUCT ANNUAL REVIEW OF INVESTMENT POLICY

The Board next conducted an annual review of the District's Investment Policy. No changes to the Investment Policy were recommended by the District's consultants. Following review and discussion, Director Lynch moved to adopt a Resolution Regarding Annual Review of Investment Policy without amendment to the District's Investment Policy and direct that the resolutions be filed appropriately and retained in the District's official records. Director DiCioccio seconded the motion, which was approved by unanimous vote.

### ADDITIONAL ENGINEERING ACTION ITEMS

Mr. Joubran reported that the District has a Drainage Agreement with Raveneaux, Limited ("Raveneaux") which requires Raveneaux to maintain the drainage ditch from Cypresswood Boulevard to Cypress Creek. Director DiCioccio reported on his inspection of the ditch and stated that the ditch is in need of maintenance. The Board discussed the importance of the ditch which drains a substantial portion of the District's storm water drainage area. Following review and discussion, Director DiCioccio moved to authorize ABHR to forward a letter to Raveneaux to request maintenance of the ditch per the Drainage Agreement. Director Smyth seconded the motion, which was approved by unanimous vote.

Mr. Joubran updated the Board on the District's surface/ground water blending project for water plant nos. 1 and 2. He reviewed and recommended approval of Pay Estimate No. 3 in the amount of \$206,128.44.

Mr. Joubran reported that as authorized last month, a draft of the Startup/Operations Action Plan for implementation during operation and upon completion of the ammonia injection systems has been prepared. Following discussion, the Board concurred to hold a workshop at 1:30 p.m. on Tuesday, October 27, 2009, to solicit input on the plan from the Directors, the District's operator, the contractor, the suppliers, and the design team.

Mr. Joubran recommended that the Board consider installing a system to automate certain functions of the water delivery system, with operator input, to assist with meeting the requirements for monitoring, testing, logging, and reporting from the North Harris County Regional Water Authority (the "NHCRWA"). He introduced two representatives from CDM who were present to make a presentation on such an automated system.

Mr. McMillan and Mr. Qureshi made a presentation on the use of technology to automate certain utility operations and responded to Board members', consultants, and

Mr. Reed's questions regarding automated water delivery systems. A copy of the presentation is attached. Discussion ensued regarding the use of automated systems by other entities, other entities' experience with conversion to surface water delivery and chloramines disinfection, the District's current operation procedures, and the new requirements for flushing areas of the District's water lines.

The discussion also included questioning the need for automated monitoring systems. The Board asked Mr. Gustafson and Mr. Joubran if they knew of any other Districts that have implemented an automated monitoring system to monitor chloramines parameters and flushing routines in their water delivery system. Mr. Gustafson stated that he was not aware of any automated system currently in place at the level of a municipal utility district. He also stated automated monitoring systems are not required and that manual monitoring and flushing is the protocol that SWWC is currently following of all districts they serve. He stated that SWWC is currently not ready to man, operate, and monitor automated systems for chloraminated water systems. Following discussion the Board requested that Mr. Gustafson research and report back on whether other districts are using such automated systems. The Board also concurred that discussions should stop with CDM regarding their services and representatives of CDM should not attend the chloramines start-up workshop because they are not under contract with the District. Director Lynch stated that he would contact CDM to tell them not to attend.

Mr. Joubran then reported on additional engineering items, as included in the attached engineer's report.

After review and discussion, Director Smyth moved to approve the pay estimate as presented. Director DiCioccio seconded the motion, which passed unanimously.

Ms. Shelnett reviewed payment procedures for the pay estimate pending maturity of a Certificate of Deposit in the Capital Projects Fund.

#### ADDITIONAL DISTRICT FACILITY OPERATIONS ACTION ITEMS

Mr. Gustafson reviewed well production reports from GMS Services. Mr. Gustafson and Mr. Joubran responded to questions from Board members regarding the efficiency of the District's wells.

Mr. Gustafson stated that leak detection program options are being researched in coordination with Director Smyth.

Mr. Gustafson reported that the NHCRWA has adopted increased water pumpage fees in the amounts of \$1.75 per thousand gallons of groundwater and \$2.20 per thousand gallons of surface water, effective January 1, 2010. He stated that he will update the District's study of variable water costs for review at next month's meeting.

Mr. Gustafson reported on his coordination with Greenwood Properties, Inc. regarding a large utility bill. He stated that he has communicated to Greenwood Properties, Inc. that their sprinkler system is leaking.

Mr. Joubran next discussed with the Board distributing notices, per the Texas Commission on Environmental Quality's (the "TCEQ") requirements, of the impending change of the District's water disinfection system from chlorine to chloramines. Following discussion, the Board concurred to distribute such notices to the residents after determining the start date of the change and to authorize Mr. Joubran to distribute notices to the districts with which the District has interconnect agreements.

#### CONDUCT HEARING ON TERMINATION OF WATER SERVICE

The Board next conducted a hearing on the termination of water service. Mr. Gustafson reviewed the meter testing results for a delinquent account and requested that the District delay terminating the account pending additional discussion with the homeowner. 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 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, with the exception of the one delinquent account per Mr. Gustafson's recommendation. Director DiCioccio seconded the motion, which was approved by unanimous vote.

#### RAVENEUX TRACT DEVELOPMENT AND BOND APPLICATION NO. 10

Mr. Pagan reported that the TCEQ approved the District's bond application. He reviewed ABHR's tax attorney's determination that a portion of the bonds will need to be sold as taxable bonds.

#### PUBLIC HEARING FOR STRATEGIC PARTNERSHIP AGREEMENT

Director Petrick opened the meeting for a public hearing regarding the District possibly 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.

#### PUBLIC COMMUNICATIONS AND WATER CONSERVATION PILOT PROJECT

Director Smyth reported on public communications activities and the water conservation pilot project, including distribution of a District newsletter scheduled for the end the month, articles regarding chloramines disinfection for inclusion in the District's newsletter and the Champion Forest Women's newsletter, District activities

for National Night Out, Champion Forest Garden Club scheduled plantings, and irrigation policies adopted by various entities.

#### MATTERS RELATED TO NHCRWA

Director Smyth said that she had nothing additional to report regarding the NHCRWA.

#### KLEINWOOD REGIONAL WASTEWATER TREATMENT PLANT

Director Lynch reported on the September 2009, meeting of the Joint Powers Board, and operations and maintenance of the Kleinwood Regional Wastewater Treatment Plant ("KRWTP"), including the results of a recent inspection of the plant by the Environmental Protection Agency. He stated that the Joint Powers Board is considering a new bookkeeper's contract and has two full-time SWWC employees located at the plant.

#### MATTERS RELATED TO HOMEOWNERS ASSOCIATIONS

Director Jones noted that Homeowners Associations located within the District will be participating in the National Night Out scheduled after the meeting.

#### GEOGRAPHICAL INFORMATION SYSTEM

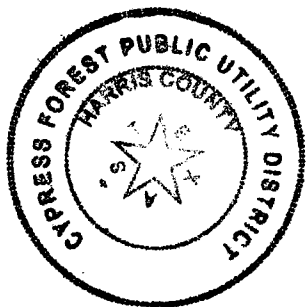
The Board next discussed the presentations on Geographic Information System ("GIS") services previously received from Michael Baker Corporation ("MBC") and HDR Claunch & Miller Engineering Consultants ("C&M"). The Board additionally discussed the goals, costs, and users of such systems. Following discussion, the Board concurred to remove consideration of GIS services from the District's meeting agenda based on the fact that Pepe Engineering and SWWC currently do not have systems in place to manage, operate, and maintain continual updates to such systems. Director Petrick stated that he will notify MBC and C&M of the Board's decision.

#### MEETING SCHEDULE AND AGENDA

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

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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