

MINUTES
CYPRESS FOREST PUBLIC UTILITY DISTRICT

June 2, 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 2nd day of June, 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: Steve Solato, President of the Board of Governors of The Raveneaux Country Club; Kim Shelnuttt of Myrtle Cruz, Inc.; Esther Flores of Tax Tech, Inc.; Laura Flores, member of the public; Nabil Joubran of Pepe Engineering, Ltd. ("Pepe Engineering"); Gus Gustafson of SouthWest Water Company ("SWWC"); Greer Pagan of Allen Boone Humphries Robinson LLP ("ABHR"); Justine M. Cherne, Recording Secretary; and persons listed on the attached attendance sheets.

PUBLIC COMMENTS

Director Petrick opened the meeting to receive public comments. Meeting attendees addressed the Board to express their opinions regarding the proposed construction of a walking trail along the Raveneaux Country Club tract. Copies of the completed Public Comment Cards are attached.

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 Jones, 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

Ms. Flores reviewed the District's preliminary assessed values and stated that the values have increased in the approximate amount of four million dollars.

AUTHORIZE DELINQUENT TAX ATTORNEY TO PROCEED WITH COLLECTION OF DELINQUENT TAXES

The Board next reviewed a list of delinquent accounts. Following review and discussion, Director Lynch moved that the Board authorize the delinquent tax attorney to proceed with the collection of delinquent taxes. Director DiCioccio seconded the motion, which was approved by unanimous vote.

ADDITIONAL FINANCIAL AND BOOKKEEPING ITEMS

Ms. Shelnett reviewed four additional checks for payment of meeting expenses services related to the District's newsletter, and per diems to Directors Lynch and DiCioccio. She stated that the additional checks will be included on next month's report. Following 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.

TRAVEL REIMBURSEMENT GUIDELINES

Mr. Pagan next discussed with the Board the District's policies for reimbursement of eligible expenses for the Association of Water Board Directors ("AWBD") conferences.

STRATEGIC PARTNERSHIP AGREEMENT

Mr. Pagan reviewed with the Board e-mail correspondence from the City of Houston (the "City") regarding actions which would need to be undertaken by Cy-Champ Public Utility District to allow the City to enter into a Strategic Partnership Agreement with the District. He briefly reviewed provisions of such agreements. Following discussion, the Board authorized Director Lynch to discuss the matter with Cy-Champ PUD and report back next month.

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 there were no time extensions or pay estimates for consideration at this time.

Mr. Joubran reported that as previously authorized last month, he has been coordinating with Director DiCioccio on the development of a scope of work for preparation of an asset inventory document for evaluation of the efficiency of the District's operations. He reviewed the information proposed to be included in the asset inventory document and the services which would need to be performed. He stated that preparation of the document is anticipated to take approximately two months and would continue to be revised as information changes. Following review and discussion, Director Lynch moved to approve the scope for the preparation of an asset inventory document as presented in an amount not to exceed \$20,000.00. Director Jones seconded the motion, which was approved by unanimous vote.

HURRICANE IKE, EMERGENCY PLANNING AND DISASTER COMMUNICATIONS

The Board next discussed hurricane and emergency planning, and disaster communications. Mr. Gustafson noted that he distributed to the Directors emergency action plans specific to the District's water well sites for review. He stated that an emergency preparedness card will be distributed to the District's residents with the next utility bills. He reported that the boil water notice signs will be stored at the District's water plant no. 1.

The Board next reviewed a generator rental agreement with Neil Technical Services Corporation in the amount of \$375.00 per month for a period of six months. Following review and discussion, Director Lynch moved to authorize execution of the agreement as presented. Director Jones seconded the motion, which was approved by unanimous vote.

DISTRICT FACILITY OPERATIONS, REPAIR AND MAINTENANCE ITEMS

Mr. Gustafson reported on the sale of Groundwater Bank credits. He recommended increasing the sale price of the credits. Following discussion, the Board concurred to sell Groundwater Bank A certificates in the amount of \$2.50 and Groundwater Bank B certificates in the amount of \$3.00 per thousand gallons.

The Board next discussed a previously distributed contract proposal from SAMCO for leak detection services for a period of four years. Following review and discussion, the Board concurred to table consideration of the proposal pending additional information.

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.

CONDUCT HEARING ON TERMINATION OF WATER SERVICE

The Board next conducted a hearing on the termination of water service. Mr. Gustafson stated that four accounts are 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 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, with the exception of the four accounts being researched. Director Smyth seconded the motion, which was approved by unanimous vote, except for Director Lynch who was not present for the vote.

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

Mr. Solato next addressed the Board to express the concerns of the members of the Raveneaux Country Club regarding the proposed construction of a walking trail along Cypresswood Drive. He stated that the members strongly oppose the construction of the trail in front of the club house and along the 18th hole. He suggested an alternate path for the trail along the back side of the club property on the south side of Cypress Creek.

Meeting attendees addressed the Board and Mr. Solato regarding the proposed construction of the walking trail.

Director Smyth stated that the Board always welcomes the public's participation and comments. She stated that the Board will review alternate plans for the proposed walking trail if submitted. She noted that the Board has reviewed alternatives for the proposed trail for two years during open meetings. Director Petrick noted that the best alternative for a walking trail was approved at the time a park plan was required to be completed. He stated that the trail is not expected to be built soon. He noted that the country club members and the Board have the common goal of preserving the property as open space and coordinating on park amenities.

Following comments and discussion, the Board concurred that the District's development project committee, Directors Petrick and Smyth, will meet with the Board of Governors to discuss matters related to the proposed walking trail when the Board of Governors has a plan ready to present.

Mr. Pagan updated the Board on the District's 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. He reported that he and Joe B. Allen met with the TCEQ reviewer and division officials to discuss the application. He stated that the meeting was constructive and that he expects there will be a follow-up meeting. He stated that he expects that the application will be reviewed for the typical six-month period prior to receiving approval. In response to a meeting attendee's inquiry, Mr. Pagan stated that the Board is moving forward with its obligations and expects to obtain funding for the purchase of the park property by the required December 31, 2009, deadline under the Redevelopment Agreement with JP/Raveneaux Partners, LP and Kera Development, LP (the "Developers").

PUBLIC COMMUNICATIONS

Director Smyth reported on public communications activities, including updates to the District's website and distribution of the District's newsletter, and an emergency preparedness card to the District's residents. She reported on coordination on National Night Out with the Champion Forest Fund, and coordination with the Champion Forest Garden Club on the Spring into Action program.

MATTERS RELATED TO NHCRWA

Director Smyth reported that the North Harris County Regional Water Authority is holding this month's meeting at the same time of the District's regular meeting.

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 and Mr. Gustafson discussed the KRWTP's proposed rental of a generator in the amount of \$100,000 for the 2009 hurricane season and payment of the District's 26% share of the rental. Mr. Gustafson next reviewed alleged KRWTP discharge permit violations during Hurricane Ike.

Mr. Pagan reported that a Resolution Authorizing Action by Kleinwood Joint Powers Board Member has been prepared for the design and construction of an emergency power generator at the KRWTP site, at an estimated cost of approximately \$493,500, and payment of the District's share of costs of approximately \$32,595.00 from the Capital Projects Fund, as approved last month. Following discussion, Director Lynch moved to approve the Resolution as presented. Director Jones seconded the motion, which was approved by unanimous vote.

MATTERS RELATED TO HOMEOWNERS ASSOCIATIONS

Director Lynch next reported that Champion Forest Eleven Homeowners Association, Inc. ("Section 11") entered into an electricity services provider contract with Reliant Energy for street lights and has been paying the total amount of their electricity invoices. He reviewed the invoices paid by the District and the invoices paid

by Section 11. Following review and discussion, Director Smyth moved to make monthly payments of 80% of Section 11's electricity costs for street lights to Reliant Energy. Additional discussion ensued regarding the costs. Director Jones seconded the motion, which was approved by unanimous vote.

WATER CONSERVATION PROJECT

Director Smyth updated the Board on activities related to the water conservation project for the District's esplanades.

GEOGRAPHICAL INFORMATION SYSTEM

Director Petrick reported that he continues to coordinate the scheduling of a presentation on the District's Geographical Information System.

DEVELOPMENT OF CONSULTANT REVIEW PROCESS

The Board concurred to table this matter.

MEETING SCHEDULE AND AGENDA

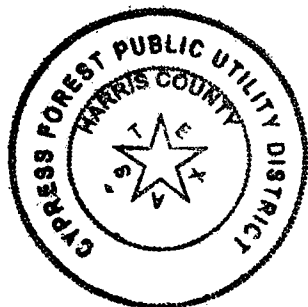
The Board next discussed their meeting schedule and items for inclusion on the agenda.

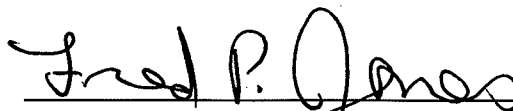
CONVENE IN EXECUTIVE SESSION

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.

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

(SEAL)




Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
attendance sheets	1
Public Comment Cards	1
Bookkeeper's Report.....	2
Tax Assessor/Collector's Report.....	2
Engineer's Report.....	2
Operator's Report.....	2