

MINUTES  
CYPRESS FOREST PUBLIC UTILITY DISTRICT

October 20, 2010

The Board of Directors (the "Board") of Cypress Forest Public Utility District, Harris County, Texas (the "District"), met in special session, open to the public, on the 20th day of October 2010, 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:

Fred P. Jones	President
Greg DiCioccio	Vice President
Michael J. Lynch, Jr.	Secretary
Thomas J. Petrick	Assistant Secretary
David Normand	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, resident of the District; John Howell of The GMS Group, L.L.C.; and Greer Pagan of Allen Boone Humphries Robinson LLP ("ABHR").

Director Jones called the meeting to order.

REVIEW BIDS AND AWARD SALE OF THE DISTRICT'S SERIES 2010 BONDS

Mr. Howell stated that the District received three bids for the \$1,955,000 Unlimited Tax Park Bonds, Series 2010A (Tax-Exempt) (the "Series 2010A Bonds") and five bids for the \$3,170,000 Unlimited Tax Park Bonds, Series 2010B (Taxable) (the "Series 2010B Bonds"). He reviewed the following bids for the Series 2010A Bonds: (1) SAMCO Capital Markets, Inc. with a net effective interest rate of 3.547308%; (2) Morgan Keegan & Co., Inc. with a net effective interest rate of 3.662912%; and (3) The GMS Group, L.L.C. with a net effective interest rate of 4.009357%. He reviewed the following bids for the Series 2010B Bonds: (1) First Southwest Company with a net effective interest rate of 4.882512%; (2) Morgan Keegan & Co., Inc. with a net effective interest rate of 5.073130%; (3) SAMCO Capital Markets, Inc. with a net effective interest rate of 5.167213%; (4) Raymond James & Associates, Inc. with a net effective interest rate of 5.221870%; and (5) The GMS Group, L.L.C. with a net effective interest rate of 5.421212%. Copies of the bid results are attached.

The Board considered awarding the sale of the District's Series 2010A and Series 2010B Bonds. Mr. Howell stated that he had verified the accuracy of the bids. He recommended that the Board accept the bids submitted by SAMCO Capital Markets, Inc. for the Series 2010A Bonds and by First Southwest Company for the Series 2010B

Bonds. After review and discussion, Director Petrick moved to award the sale of the District's Series 2010A Bonds to SAMCO Capital Markets, Inc., with a net effective interest rate of 3.547308% and to award the sale of the District's Series 2010B Bonds to First Southwest Company, with a net effective interest rate of 4.882512%. Director Lynch seconded the motion, which passed by unanimous vote.

#### OFFICIAL STATEMENT

Mr. Pagan stated that the Preliminary Official Statement will be updated to include information regarding the bond sale. After discussion, Director DiCioccio moved to approve the Official Statement for the District's Series 2010A and Series 2010B Bonds and direct that the Official Statement be filed appropriately and retained in the District's official records. Director Lynch seconded the motion, which passed by unanimous vote.

#### RESOLUTION AUTHORIZING ISSUANCE OF THE DISTRICT'S SERIES 2010 BONDS

Mr. Pagan reviewed the Resolution Authorizing Issuance of the District's Series 2010A and 2010B Bonds. After review and discussion, Director Petrick moved to adopt the Resolution Authorizing Issuance of the District's Series 2010A and 2010B Bonds and direct that the Resolution be filed appropriately and retained in the District's official records. Director DiCioccio seconded the motion, which passed by unanimous vote.

#### PAYING AGENT/REGISTRAR AGREEMENT

Mr. Pagan then reviewed the Paying Agent/Registrar Agreement between the District and Wells Fargo Bank, N.A. After review and discussion, Director Normand moved to approve the Paying Agent/Registrar Agreement with Wells Fargo Bank, N.A. and direct that the Agreement be filed appropriately and retained in the District's official records. Director Lynch seconded the motion, which passed by unanimous vote.

#### BOND SALE DOCUMENTS AND DELIVERY OF THE BONDS TO PURCHASER

Mr. Pagan stated that it will be necessary for the President and the Secretary of the Board to sign documents relating to the sale of the District's Series 2010A and Series 2010B Bonds, and for ABHR to submit a transcript of the bond proceedings to the Attorney General of Texas. He added that the financial advisor also will take necessary action in connection with the delivery of the bonds to the purchaser. After discussion, Director Jones moved to authorize the President and Secretary to sign the documents relating to the bond sale and to authorize the attorney and financial advisor to submit a transcript of the bond proceedings to the Attorney General of Texas and take all necessary action to deliver the bonds to the purchaser. Director Normand seconded the motion, which passed by unanimous vote.

AMENDMENT TO INFORMATION FORM

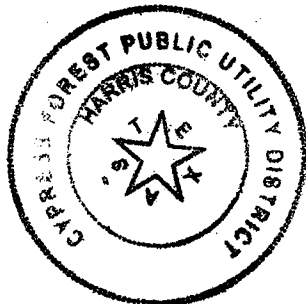
Mr. Pagan stated that the Texas Water Code requires the District to file an Amendment to the Information Form with the Harris County Clerk's Office and the Texas Commission on Environmental Quality in order to reflect the amount of bonds issued by the District. He then reviewed the Amendment to Information Form with the Board. After review and discussion, Director DiCioccio moved to authorize execution of the Amendment to Information Form and direct that the form be filed appropriately and retained in the District's official records. Director Normand seconded the motion, which passed by unanimous vote.

ADOPT AMENDED RATE ORDER

The Board considered an amendment to the District's Rate Order. Following review and discussion, Director Lynch moved to adopt an Amended Rate Order to clarify that the North Harris County Regional Water Authority (the "NHCRWA") fee charged to the District's residents is based on the fee charged by the NHCRWA for pumping groundwater. 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.

(SEAL)



*Michael J. Lynch*  
Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

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