

MINUTES
CYPRESS FOREST PUBLIC UTILITY DISTRICT

November 2, 2010

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 November 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, Jim Reed, Nancy Grayson, and Irv Grayson, residents of the District; Jeanette Loverdi of the Champion Forest Garden Club; Lou Triche and Les Griffith of Champions Hydro-Lawn, Inc.; Kim Shelnett of Myrtle Cruz, Inc.; Esther Flores of Tax Tech, Inc.; Nabil Joubran of Pepe Engineering, Ltd. ("Pepe Engineering"); Gus Gustafson of SWWC Services, Inc. ("SWWC"); Greer Pagan of Allen Boone Humphries Robinson LLP ("ABHR"); and Justine M. Cherne, Recording Secretary.

Director Jones called the meeting to order.

PUBLIC COMMENTS

Director Jones opened the meeting for public comments. There were no public comments.

MOWING

Mr. Griffith and Director DiCioccio updated the Board on the mowing maintenance performed on the park property to be acquired by the District and the District's Drainage Ditch. A copy of the Drainage Ditch and Golf Course Area Maintenance Report is 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

Minutes of the regular and special meetings of the Board of Directors held on October 5, and October 20, 2010, were previously distributed. Upon a motion made by Director Normand 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 FINANCIAL AND BOOKKEEPING ACTION ITEMS

Ms. Shelnutt reviewed one additional check for payment to Director Lynch for the cost of photocopying materials related to the Kleinwood Regional Wastewater Treatment Plant Joint Powers Board. Following review and discussion, Director Normand moved to approve the additional check as presented. Director Petrick seconded the motion, which was approved by unanimous vote.

Mr. Pagan reviewed bond closing transaction procedures related to the sale of the District's Unlimited Tax Park Bonds, Series 2010A and Unlimited Tax Park Bonds, Series 2010B. Following discussion, Director Lynch moved to authorize the disbursement of bond proceeds. Director Petrick seconded the motion, which was approved by unanimous vote.

ADDITIONAL TAX ASSESSMENT COLLECTION ACTION ITEMS

The Board authorized a notice providing the tax assessor/collector's contact information for residents who did not receive their tax statements for placement onto the District's water bills.

ADDITIONAL ENGINEERING ACTION ITEMS

Mr. Joubran and Director DiCioccio responded to Board members' questions regarding procedures related to the plans for the proposed drainage channel repair project.

ADDITIONAL DISTRICT FACILITY OPERATIONS

Mr. Gustafson reviewed the District's water accountability and reported that SAMCO Leak Detection Services has completed their analysis of the District's water lines. He stated that no significant leaks were found and the report will be distributed when finalized.

Mr. Gustafson reviewed and discussed the list of top ten residential and commercial usage accounts. He stated that he will review the list to determine whether there are any unusual circumstances.

Mr. Gustafson reviewed a list of customer calls regarding taste and odor issues with the District's water and reported on the flushing, testing, treatment, and customer communications performed to address the issues. He stated that the phosphate blend being injected into the District's water system appears to be addressing the issues. He stated that the results of tests performed on the water inside and outside of 11 homes has indicated that there are no iron issues with the water being delivered to the homes and that the iron found in the water inside of the homes is the result of a chemical reaction in the pipes located within the homes. He stated that there have been no test results that indicate that the water delivered by the North Harris County Regional Water Authority or the District is unsafe. Mr. Gustafson stated that complaints regarding the taste and odor of the surface water being delivered by the NHCRWA to other utility districts have dramatically decreased.

Mr. Gustafson reported on procedures undertaken to ensure that the District's water wells are not being used more than necessary.

Mr. Gustafson reported on his coordination with the Sterling Gates Homeowners Association related to water reduction mandates on their irrigation well from the North Harris County Regional Water Authority.

Mr. Gustafson and Mr. Joubran discussed continued reports of sewer backups in the vicinity of Champion Drive and Louetta Road. Mr. Joubran recommended that certain parts of the sewer collection system in that area be cleaned and televised for inspection, and stated that any lines identified as problematic could possibly receive power cleaning and vacuuming on a regular basis. Discussion ensued regarding possible causes for the backups and probable problematic sewer line locations. Following review and discussion, Director Lynch moved to authorize cleaning and televising of approximately 9,000 feet of the District's sewer lines in the amount of \$15,750.00. Director DiCioccio seconded the motion, which was approved by unanimous vote.

CONDUCT HEARING ON TERMINATION OF WATER SERVICE

Mr. Gustafson reviewed customer correspondence requesting an extension of time for payment of their water and sewer bill. He reviewed the historical usage and payment on the account and stated that no deposit or other payment has ever been received on the account. Following review and discussion, Director Normand moved to authorize Mr. Gustafson to offer a 90-day payment plan for the past-due amount, with one-third of the account due by Monday. Director Petrick seconded the motion, which was approved by unanimous vote.

The Board next conducted a hearing on the termination of water service. Mr. Gustafson reported that the 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 DiCioccio 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. Director Petrick seconded the motion, which was approved by unanimous vote.

PUBLIC COMMUNICATIONS

Director Normand discussed the District's public communication activities and noted that items placed in the Champion Forest Women's Newsletter are published 20 days after submission. He stated that most items forwarded to the District's website are posted within 24 hours and stated that the website's news blast e-mail address list needs to be expanded.

MATTERS RELATED TO NHCRWA

Mr. Joubran reported on his attendance at a monthly meeting of the North Harris County Regional Water Authority ("NHCRWA"). He stated that the NHCRWA has scheduled a budget workshop to be held at 6:00 p.m. on November 22, 2010.

KLEINWOOD REGIONAL WASTEWATER TREATMENT PLANT

Director Lynch updated the Board on the October 2010, Joint Powers Board meeting and the operations and maintenance of the Kleinwood Regional Wastewater Treatment Plant. A copy of the minutes of the meeting is attached. He distributed copies of presentations made by four companies to the Joint Powers Board to provide operating services for the plant. He stated that the Joint Powers Board will vote tomorrow morning to choose the operating company. He recommended that the Board support engaging SouthWest Water Company to remain as the operating company for the plant. Following discussion, the Board concurred that Director Lynch will vote for SouthWest Water Company through three voting calls.

Mr. Gustafson reported that the generator for the plant is operational.

HOMEOWNERS ASSOCIATION MATTERS

Director Petrick reported on his attendance at last month's meeting of the Champion Forest Maintenance Fund, Inc. (the "HOA"). He additionally reported on his meetings with the Superintendent of the Klein Independent School District regarding the proposed Raveneaux development tract and with Harris County Sheriff Garcia regarding future security for the development.

Director Jones reported that he requested that SWWC repair an irrigation leak on a median and forward the invoice for the repair to the HOA.

RAVENEUX TRACT DEVELOPMENT, PURCHASE AND MOWING OF PARK PROPERTY, WEST END TRAIL/18TH HOLE PROJECT

The Board discussed the District's Raveneaux Redevelopment Agreement (the "Agreement") with JP Raveneaux Partners LP and Kera Development LP (the "Developers"), and related development issues. Mr. Pagan reported that the procedures for moving towards closing per the Agreement and the Ninth Amendment to the Agreement are progressing. Following discussion, the Board concurred to hold a special meeting at 5:00 p.m. on Monday, November 29, 2010, at the District's Administrative Building to consider actions necessary for closing of the real estate acquisition for the park facilities.

Mr. Pagan reported that the City of Houston will consider an ordinance consenting to the annexation of the property at the City of Houston Council meeting scheduled for tomorrow. Following review and discussion, Director Lynch moved to adopt the Order Adding Land, subject to passage of an ordinance consenting to the addition of the Land by the City of Houston. Director Petrick seconded the motion, which was approved by unanimous vote.

Mr. Joubran reported that, as authorized by the Board at last month's meeting, a survey map and metes and bounds description of a 16-foot trail easement along the Cypresswood frontage of the Mormon property has been prepared. The Board authorized Mr. Joubran to forward the map and description to Mr. Hand of Greenwood Properties, Inc.

The Board concurred to discuss development of park rules and engagement of a park consultant at the special meeting scheduled to be held on November 29, 2010.

MEETING SCHEDULE AND AGENDA

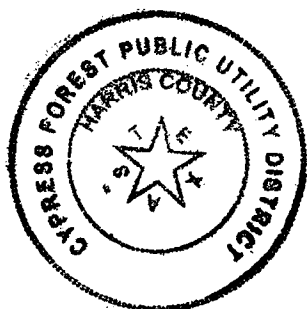
The Board next discussed their meeting schedule and items for inclusion on the next meeting agenda. Following discussion, the Board concurred to hold the regularly scheduled December 7, 2010, meeting at 4:00 p.m. at the offices of ABHR.

CONVENE IN EXECUTIVE SESSION, RECONVENE IN OPEN SESSION

The Board did not convene in executive session.

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

(SEAL)




Secretary, Board of Directors

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