

MINUTES  
CYPRESS FOREST PUBLIC UTILITY DISTRICT

April 6, 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 6th day of April, 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:

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, Anita Martin, Alice Kanayan, Paul Frerking, Christine Norman, Dave Norman, Barbara Smith, and Debbie Donohue, residents of the District; Don Hand of Greenwood Properties, Inc.; Brenda Pennington of Pennington Commercial Real Estate, Inc.; Kim Shelnett 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, RAVENEAUX TRACT DEVELOPMENT, WEST END TRAIL/18<sup>TH</sup> HOLE PROJECT, AMENDMENT TO AGREEMENT

Director Petrick opened the meeting for public comments and questions regarding the development project for the Raveneaux Country Club Tract and proposed changes to the Raveneaux Redevelopment Agreement with JP Raveneaux Partners LP and Kera Development LP (the "Developers"). There were no public comments.

Mr. Joubran and the Board reviewed and discussed two exhibits depicting the changes to the trail easement and developable acreage per the proposed Ninth Amendment to the Raveneaux Redevelopment Agreement received from the Developers on April 5, 2010. Mr. Joubran and Board members responded to questions regarding the proposed changes from meeting attendees.

CONVENE IN EXECUTIVE SESSION, RECONVENE IN OPEN SESSION

The Board convened in executive session at 3:37 p.m. 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.

The Board reconvened in open session at 4:36 p.m.

RAVENEUX TRACT DEVELOPMENT, WEST END TRAIL/18<sup>TH</sup> HOLE PROJECT, AMENDMENT TO AGREEMENT

Following review and discussion regarding the proposed Ninth Amendment to the Raveneaux Redevelopment Agreement received from the Developers on April 5, 2010, Director Smyth moved to authorize the Board to work with ABHR to draft a counteroffer to the Ninth Amendment proposed by the Developers. Director Lynch seconded the motion. Director Petrick responded to meeting attendees' questions regarding the proposed amendment and counteroffer, and stated that there were five areas for consideration: 1) approximately two acres of additional developable land; 2) the definition of land usage for senior residential living facilities; 3) square footage sizes of residential units; 4) square footage values of residential units; 5) and clarification on purchase and lease requirements for residential units. Following discussion, the motion was approved by unanimous vote. The Board concurred to forward their proposed counteroffer terms to Mr. Pagan by the end of Thursday, April 8, 2010, and to hold a special meeting at noon on Wednesday, April 14, 2010, to develop the counteroffer.

The Board was in recess until 5:30 p.m.

PUBLIC COMMENTS

Director Petrick opened the meeting for public comments. Mr. Frerking addressed the Board and commented on the District's water conservation calendar, the proposed development of the Raveneaux Country Club tract, and public communication. Ms. Martin commented on and thanked the Board for the District's participation in the Brill Elementary School Spring into Action event. Mr. Normand requested that a summary of the action taken by the Board after executive session be provided and he commented on the additional acreage being requested for development by the Developers. Copies of the Public Comment Cards are attached. Director Petrick noted that the agenda contains an item under which an update on the proposed development of the Raveneaux Country Club tract will be given.

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 March 2, 2010, regular and March 12, 2010, special meetings of the Board of Directors were previously distributed. Upon a motion made by Director Lynch and seconded by Director Smyth, 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

There were no additional financial and bookkeeping actions. Director Jones commented that the District's budget was in good shape.

The Board next discussed attendance at the Association of Water Board Directors Membership Breakfast regarding the impact of the Region H Water Plan. Following discussion, Director Smyth moved to authorize the Directors to attend the breakfast. Director Lynch seconded the motion, which was approved by unanimous vote.

ADDITIONAL ENGINEERING ACTION ITEMS

There were no additional engineering action items.

DRAINAGE DITCH MAINTENANCE AND REPAIR

Mr. Joubran stated that Pepe Engineering continues to coordinate with Director DiCioccio on a proposed plan for the repair and maintenance of the failures at different locations along the banks and bottom of the drainage channel located between Cypresswood Boulevard and Cypress Creek, and at the upstream side of the metal outfall pipe. He stated that a letter was sent to the engineer for Cy-Champ P.U.D. transmitting a summary of the proposed work with a cost-sharing scenario based on the interconnect agreement between the two districts. He stated that a response e-mail was received from the attorney for Cy-Champ P.U.D. this afternoon which did not agree with Mr. Pagan's interpretation of the agreement. He stated that the e-mail correspondence has been forwarded to Mr. Pagan for response.

ADDITIONAL TAX ASSESSMENT COLLECTION ACTION ITEMS,

There were no additional tax assessment collection action items.

ADDITIONAL DISTRICT FACILITY OPERATIONS ACTION ITEMS

Mr. Gustafson distributed to the Board and briefly reviewed a Consumer Confidence Report for consideration at next month's meeting.

Mr. Gustafson next reviewed an annual report on the District's Identity Theft Prevention Program.

Mr. Gustafson reported that two lift station pump motors were in need of repair or replacement. He discussed replacing the District's single-phase motors with three-phase motors or adding simulators to the single-phase motors to simulate three-phase motors. Mr. Joubran stated that single-phase motors are being replaced with three-phase motors area-wide. Mr. Gustafson reviewed cost estimates in the amount of \$3,324.00 to repair and in the amount of \$5,987.00 to replace the motor on pump no. 2 at lift station no. 2; and cost estimates in the amount of \$2,816.65 to repair and in the amount of \$5,795.00 to replace the motor on pump no. 1 at lift station no. 2. He stated that the warranty for repair or replacement is 12 months. Following review and discussion, Director Jones moved to replace both motors with three-phase motors, subject to final review of all of the information related to the replacement by Mr. Gustafson and Mr. Joubran. Addition discussion ensued regarding the pumps. Director Smyth seconded the motion, which was approved by unanimous vote.

Mr. Gustafson next reported on his research on automated systems for the District's water meters. He stated that he met with a company that installs meters with 24-hour broadcasting of readings and discussed the possible benefits for water accountability, accuracy, leak notification, and cost savings. He requested authorization for the company to survey the District to formulate a recommendation for presentation to the Board for no fee. Following discussion, Director Smyth moved to authorize such a survey. Director Jones 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 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 Lynch seconded the motion, which was approved by unanimous vote.

Discussion ensued regarding the list of top ten residential and commercial usage accounts. Following discussion, the Board requested that Mr. Gustafson perform research on a sprinkler commercial account included on the list and provide 12 months of water usage history on the listed accounts to Directors Jones and Smyth. Additional discussion ensued regarding the approximately 40% decrease in general water use

within the District over the prior 12 months. Mr. Gustafson noted that a wet winter just followed one of the worst droughts in the area's history.

The Board next discussed scheduling a tour of the District's water well no. 2 blending facilities. Following discussion regarding the schedule for delivery of surface water by the North Harris County Regional Water Authority (the "NHCRWA"), the Board appointed Director DiCioccio to coordinate a tour of the District's water well no. 2 blending facilities. Mr. Gustafson reported that the blending facilities and automated flushing devices are working as designed. Director Petrick reported on customer contact regarding pink toilet water. Mr. Gustafson stated that he was not aware of chloramines-treated ground water causing such coloration.

Mr. Gustafson reviewed the District's water accountability report and discussion ensued regarding an adjustment made to an account during the month of December 2009 which affected accountability.

Mr. Gustafson responded to Board members' questions regarding the impending purchase of SWWC.

RAVENEUX TRACT DEVELOPMENT, WEST END TRAIL/18<sup>TH</sup> HOLE PROJECT, AMENDMENT TO AGREEMENT, PRELIMINARY OFFICIAL STATEMENT AND OFFICIAL NOTICE OF SALE

At the Board's request, Ms. Cherne read the motion approved earlier by the Board regarding the proposed Ninth Amendment to the Raveneaux Redevelopment Agreement received from the Developers on April 5, 2010.

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 COMMUNICATIONS

Director Smyth discussed the District's public communication activities. The Board concurred to replace the information regarding chloramination on the District's web site with an update on the proposed development of the Raveneaux Country Club tract.

Director Smyth discussed the District's participation in the Brill Elementary School Spring into Action event with a table containing information which focused on water use in the yard and expressed appreciation to the North Harris County Regional Water Authority for providing a multitude of handouts and its teaching lab. She briefly listed articles included in the District's preliminary newsletter that would be available for review by the Directors by the end of the week and noted that topics of interest for future articles should be forwarded to her. She reported that information regarding the dates and times for voting in the District's 2010 Directors Election has been forwarded

for publication in the upcoming Champion Forest Women's Club Newsletter.

#### MATTERS RELATED TO NHCRWA

Director Smyth reported on matters related to the NHCRWA, including the status of and proposed schedule for surface water conversion by the NHCRWA. She stated that five utility districts are currently receiving surface water. Mr. Gustafson reported on electronic controller glitches discovered during testing of the surface water systems.

#### KLEINWOOD REGIONAL WASTEWATER TREATMENT PLANT

Director Lynch reported on the Joint Powers Board meeting and the operations and maintenance of the Kleinwood Regional Wastewater Treatment Plant, including the status of the installation of a distribution system for the conveyance of Type II effluent to Raveneaux Country Club for irrigation, installation of a generator, and development of a three-year maintenance plan. A copy of the meeting minutes is attached.

#### HOMEOWNERS ASSOCIATIONS, GREEN MEDIANS

Director Smyth reported that Barb Smith the Champion Forest Maintenance Fund, Inc. (the "HOA") was present to request that the District finance the cost to repair 25 of the 45 backflow prevention devices for the sprinklers providing common area irrigation within the District. She stated that the devices were damaged by the winter freeze and that the cost for repair of the devices was approximately \$6,800.00. She noted that quite a bit of plant material also died due to the winter freeze and discussed the activities undertaken, involvement by the community, and volunteer work performed to replace the plant material, install leak controllers and perform a water conservation study for the esplanades. Discussion ensued regarding the District's previous Agreement for Right-of-Way Beautification with the HOA for the upgrade and automation of the sprinklers. Following review and discussion, Director Lynch moved to authorize reimbursement to the HOA for the cost to repair the backflow prevention devices in an amount not to exceed \$7,000.00, upon receipt of appropriate documentation approved by ABHR. Director DiCioccio seconded the motion, which was approved by unanimous vote.

Director Petrick next updated the Board on the FM 1960 Green Medians Joint Powers Board's (the "FM 1960 Board") project to beautify the raised medians that will be installed by the Texas Department of Transportation ("TXDOT") in the center of FM 1960 from I-45 to Mills Rd. He noted that he distributed the project plan to the Directors and reported that a joint powers board has been formed and is responsible for the maintenance of the medians. He stated that TXDOT's deadline for the project is the end of this month. Director Smyth reported on her discussions with Mr. White regarding effluent reuse and labor costs as they relate to the project. Following discussion, the

Board concurred that there were no objections to the \$10,000.00 pledged as a donation to the project approved last month.

REPORT ON WATER CONSERVATION PLAN ACTIONS

There was no discussion regarding the District's Water Conservation Plan, including the water conservation pilot project for the District's esplanades.

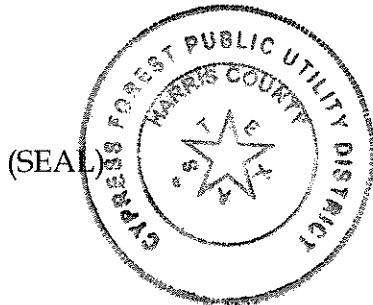
RENEWAL OF DISTRICT INSURANCE POLICIES

The Board next reviewed an insurance renewal proposal from Highpoint Insurance Group, LLC. Following review and discussion, Director Jones moved to accept the renewal proposal from Highpoint Insurance Group, LLC in the amount of \$11,837.00. Director DiCioccio seconded the motion, which was approved by unanimous vote.

MEETING SCHEDULE AND AGENDA

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

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



Fred P. Jones  
Secretary, Board of Directors Director

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