

MINUTES
CYPRESS FOREST PUBLIC UTILITY DISTRICT

May 25, 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 25th day of May, 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 was Nabil Joubran of Pepe Engineering, Ltd. ("Pepe Engineering"); Greer Pagan of Allen Boone Humphries Robinson LLP ("ABHR"); Justine M. Cherne, Recording Secretary; and persons listed on the attached attendance sheets.

APPROVE CERTIFICATE OF ELECTION, DIRECTORS' SWORN STATEMENTS, BONDS AND OATHS OF OFFICE

The Board considered approving a Certificate of Election and the executed Sworn Statements, Official Bonds, and Oaths of Office of the newly elected Directors. Mr. Pagan reviewed the Certificate of Election which states that Michael J. Lynch, Jr. and David Ernest Normand have been elected to the Board of Directors of the District, each for a four-year term beginning May 25, 2010 and expiring May 10, 2014, or until their successors have been duly elected or appointed and have qualified. Following review and discussion, Director DiCioccio moved to approve the Certificate of Election, and the executed Sworn Statements, Bonds, and Oaths of Office. Director Jones seconded the motion, which was approved by unanimous vote.

REORGANIZE THE BOARD, ELECT OFFICERS, AND AUTHORIZE EXECUTION OF DISTRICT REGISTRATION FORM

The Board next discussed reorganizing the Board and electing officers. Director Petrick thanked the District's consultants for their work over the past two years and discussed the responsibilities and accomplishments of individual Board members. He

thanked the public for their participation in District activities and requested that they continue to participate in the future.

Director Petrick moved to elect Director Jones as President, Director DiCioccio as Vice President, Director Normand as Assistant Vice President, Director Lynch as Secretary, and Director Petrick as Assistant Secretary. Director DiCioccio seconded the motion, which was approved by unanimous vote.

Following review and discussion, Director Petrick moved to authorize filing of the District Registration Form with the Texas Commission on Environmental Quality (the "TCEQ") to reflect the new Director terms and changes in the officers of the Board. Director DiCioccio seconded the motion, which was approved by unanimous vote.

Director Jones next reviewed preliminary task assignments for the Board members: Director Jones was assigned to be the primary interface with ABHR and to continue to work on District finances and budgeting; Director DiCioccio was assigned to continue to work with the engineering group and on all District drainage issues, and to begin to work with the North Harris County Regional Water Authority; Director Lynch was assigned to continue to work with the Kleinwood Regional Wastewater Treatment Plant Joint Powers Board and all District sewer issues; Director Petrick was assigned to coordinate community and homeowners association matters, and to continue to coordinate maintenance of the District's Administrative Building; Director Normand was assigned to work on the District's public communications and District water issues, including water conservation. Director Jones requested feedback regarding the preliminary task assignments for discussion at next week's regular meeting.

DISCUSS OPEN MEETINGS ACT TRAINING REQUIREMENTS

Mr. Pagan next reported that legislation passed during the 79th Regular Session of the Texas Legislature requires each elected or appointed public official to complete a course of training of not less than one and not more than two hours regarding the responsibilities of the governmental body and its members under the Texas Open Meetings Act, Chapter 5512, Government Code. He noted that newly elected or appointed directors must complete the requisite training within 90 days of taking the oath of office. He stated that the Texas Attorney General provides the requisite training on its web site or by a DVD at no charge.

CONFLICT OF INTEREST DISCLOSURE

Mr. Pagan next reviewed with the Board Chapter 176 of the Texas Government Code, which requires directors and consultants to disclose certain conflicts of interest. He reviewed with the Board the forms adopted by the Texas Ethics Commission for making disclosures under Chapter 176 and noted that the forms are required to be filed

with the records administrator for the District within seven days of a disclosable conflict arising. He explained that failure to make a disclosure required under Chapter 176 is a Class C misdemeanor. He encouraged the Board to contact ABHR if assistance is needed in determining whether a conflict requires disclosure or in making a required disclosure.

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

Director Jones reported that he and Director Normand met last week with Mark Jordan and Michael Block of JP Raveneaux Partners LP and Kera Development LP (the "Developers") to discuss the Raveneaux Redevelopment Agreement (the "Agreement"), the proposed Ninth Amendment to the Agreement, and related development issues. He stated that he believes that the meeting was productive and stated that correspondence received regarding verbal agreement reached during the meeting will be reviewed later in the meeting.

Director Jones next provided his independent analysis of the public comments on the District's counter-offer to the Developers' proposed Ninth Amendment to the Agreement. He stated that approximately 50 comments were received from approximately 39 households; 27 of which he categorized as negative and 12 of which he categorized as positive towards the District's counter-offer. He additionally reviewed his categorization of the issues of concern identified in the public comments.

Director Normand stated that he appreciated the comments, believed that the comments reflected the sentiment of the community, and stated that he believed the election was a referendum on the District's counter-offer. He stated that time is of the essence and that the Board needs to move quickly and work diligently to close on the Raveneaux Tract per the Agreement.

Director Jones stated that public comments will be held until all of the actions related to the Agreement are discussed. There were no objections to this procedure.

Per direction of the Board, Mr. Pagan read a letter received a few hours before the Board meeting from the attorney of the Developers, John Cannon of Coats Rose PC, which states, among other things, that the Developers are agreeable to modifying the proposed Ninth Amendment to include that the original acreage will be left as it was in the original Agreement, with no reduction in the purchase price or change in use of the property. A copy of the letter is attached. He stated that the letter removes many of the Boards' concerns regarding the proposed amendment. He asked the Board for guidance on items to clarify specific issues in the Agreement for inclusion in the District's revised counter-offer to the Developers' proposed Ninth Amendment for consideration at next week's meeting. The following issues for Mr. Pagan to include in a draft, revised counter-offer were discussed: revision of the trail easement near the 18th

hole to taper as originally intended; assurance that a third party tax-exempt entity is not allowed in the development; revision of the 15-acre "penalty provision" to remove the 15 acres, add a monetary "penalty provision," extension of the proposed August 30, 2010, closing date to October 1, 2010; removal of the litigation termination provision; addition of the purchase contract process; relocation of the trail easement behind the Mormon church; addition of the requirement that the Developers must issue a right of entry to the District for a Phase I Environmental Study Assessment; the possible addition of a golf course maintenance standard; and addition of the requirement that the Developers pay all outstanding taxes at closing.

Board members and Mr. Pagan responded to questions from meeting attendees regarding the effect of the letter received from the Developers' attorney on the provisions contained in previous proposed versions of the Ninth Amendment to the Agreement and clarified that the two additional acres previously requested by the Developers and the 70-foot trail setback previously requested by the District are no longer being considered.

The Board next discussed procedures for a Phase I Environmental Study Assessment. Mr. Pagan stated that such a study was contemplated in the original Agreement. He stated that the District will want to obtain its own study and it is usually included as part of the District's due diligence per the Purchase Contract during the 90-day period prior to closing. He advised that the Board may want to finalize the Ninth Amendment to the Agreement prior to incurring the expense of the study. Director Normand stated that a request should be made to the Developers for a copy of their study. Director DiCioccio stated that he spoke with a reputable firm and that such a study could be completed in three weeks.

The Board next discussed the Developers' currently filed remediation plan for 48 acres and whether the Board should require that the plan be revised to reflect the approximately 27 acres to be developed. Director Petrick noted that it could be a few years in the future before the Developers will incur the expense to revise and re-file the plan based on a final land plan. Director DiCioccio discussed technical permit regulations related to mitigation requirements for fill placement. He stated that he is comfortable with the current plan which was developed by a reputable engineering company and which has been approved by the Federal Emergency Management Agency. Director Jones noted that a majority of the excavation included in the plan was to raise land that is no longer to be developed.

Discussion ensued regarding current and future maintenance of the property to be leased to the Developers. Additional discussion ensued regarding maintenance and the physical features of the future detention pond, and current provisions in the Agreement which address both of these issues.

Discussion ensued regarding the easement for the Developers' grey water line

and the trail easement located past the Mormon Church. Mr. Pagan noted that the Agreement addresses the grey water line easement by providing that the line needs to be located in a mutually agreeable place and stated that the trail easement will be clarified in the next amendment.

Director Jones noted that the issues just discussed had been previously discussed during executive sessions to allow for candid discussions and provide for privacy related to real estate negotiations. He stated that due to perceived damage to the Board's credibility, such sessions will not be entered into unless there is a specific legal issue to discuss. Director Normand noted that he just completed training on the Open Meeting Act and provided an example of when an executive session may be warranted so that the Board's strategy is not exposed to a party involved in negotiations with the Board. A meeting attendee addressed the Board and suggested that any future executive sessions be held at the beginning of the meeting to allow for more people to attend the open session.

Director Jones opened the meeting for public comments and questions, and Board members and/or Mr. Pagan responded to five meeting attendees who addressed the Board regarding the proposed development project for the Raveneaux Country Club Tract and proposed changes to the Raveneaux Agreement. Copies of their completed Public Comment Cards are attached. In response to a resident's question, Director Jones provided an update on the litigation with Kleinwood M.U.D. He stated that the suit against the District was rejected in state court and that Kleinwood M.U.D. can appeal to the Texas Supreme Court until the end of June 2010. Director Petrick noted that the suit is still pending against the Developers. Mr. Pagan noted that the Agreement allows either party to opt out if there is a lawsuit.

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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