

MINUTES  
CYPRESS FOREST PUBLIC UTILITY DISTRICT

May 4, 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 4th 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:

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: Jay Hartley, John DeCell, and Doug Goodwin of Vepo, LLC; 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"); Justine M. Cherne, Recording Secretary; and persons on the attached attendance sheets.

Director Petrick called the meeting to order.

PUBLIC COMMENTS

Director Petrick opened the meeting for public comments. Dave Normand, District resident, addressed the Board with comments and questions regarding the development project for the Raveneaux Country Club Tract and the proposed changes to the Raveneaux Redevelopment Agreement with JP Raveneaux Partners LP and Kera Development LP (the "Developers").

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 special meetings of the Board of Directors held on April 14, 16,

and 23, 2010, were previously distributed. Upon a motion made by Director Lynch and seconded by Director DiCioccio, the Board voted unanimously to approve the items on the Consent Agenda. Copies of the bookkeeper's report, the tax assessor/collector's report, the engineer's report, and the operator's report are attached.

CONVENE IN EXECUTIVE SESSION, RECONVENE IN OPEN SESSION

The Board convened in executive session at 5:46 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 7:26 p.m.

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

Mr. Pagan stated that at the hearing held yesterday on the temporary restraining order/injunction matter, the District was authorized to discuss and negotiate a counteroffer to the proposed Ninth Amendment to the Raveneaux Redevelopment Agreement with JP Raveneaux Partners LP and Kera Development LP (the "Developers") received from the Developers on April 5, 2010. He stated that the District is unable to execute any amendment until the temporary restraining order/injunction matter is resolved.

Mr. Pagan next summarized the Board's proposed counteroffer to the Developers' proposed Ninth Amendment to the Raveneaux Redevelopment Agreement, a copy of which is attached. Following Mr. Pagan's summary, Director Smyth moved to authorize placing the Board's draft counteroffer onto the District's web site for receipt of public comments on the counteroffer through May 12, 2010, to approve forwarding of the draft counteroffer to the Developers for comment, and to hold a special meeting at 5:30 p.m. on Tuesday, May 25, 2010, to consider such comments, and, if necessary, to make an offer to the Developers. Director DiCioccio seconded the motion, which was approved by unanimous vote.

Mr. Pagan responded to a meeting attendees' question regarding the decreased purchase price for the development tract and the location of additional acreage. In response to Dave Normand's question regarding the Developers reason for requesting an additional 2.2 acres, Director Jones stated that the Developers stated that they need additional land to construct garden-style homes to make the development profitable. He added that the requirement that the homes be sized a minimum of 2,000 square feet restricts the number of homes which can be constructed along Cypresswood. Mr. Normand additionally made a statement that it was unacceptable to build a bridge as part of the proposed park trail in an area that usually is under water.

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.

ADDITIONAL TAX ASSESSMENT COLLECTION ACTION ITEMS

There were no additional tax assessment collection action items.

ADDITIONAL FINANCIAL AND BOOKKEEPING ACTION ITEMS

Ms. Shelnett next reviewed a re-issued check for recording secretary services due to an error in calculating the mileage expense and three additional checks for payment of newsletter printing expenses, miscellaneous administrative building expenses, and meeting expenses. Following review, Director Smyth moved to approve the additional checks as presented. Director DiCioccio seconded the motion, which was approved by unanimous vote.

ADDITIONAL ENGINEERING ACTION ITEMS

In response to Director Lynch's question, Mr. Joubran stated that the North Harris County Regional Water Authority has substantially completed the connection of the surface water pipeline to the District's water plant and is unable to provide a start date for the delivery of surface water to the District.

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 feedback from Cy-Champ P.U.D. regarding their official position regarding cost-sharing on the project has not yet been received.

ADDITIONAL DISTRICT FACILITY OPERATIONS, EMERGENCY PREPAREDNESS

Mr. Gustafson reviewed a cost estimate in the amount of \$4,306.75 plus \$800.00 for labor to repair booster pump no. 3 at the District's water plant no. 2. He stated that the cost to replace the pump is significantly higher and there is no rental unit in place at this time.

Mr. Gustafson next reviewed a proposal in the amount of \$1,450.00 each for the installation of eyewash and shower safety stations at the District's two water plants.

Mr. Gustafson reported that Badger Meter, Inc., a company that installs meters with 24-hour broadcasting of readings, is working to develop a proposal for the District.

Mr. Gustafson reminded the Board that the Consumer Confidence Report was distributed last month for consideration at this month's meeting.

Mr. Gustafson stated that the automated flushing valves installed on the District's dead-end waterlines are working as designed and stated that he would recommend using them at other dead-end line locations if needed. Mr. Joubran reported that the online form for chloramines system expenditures was completed and submitted to the North Harris County Regional Water Authority. Ms. Shelnett noted that the North Harris County Regional Water Authority is developing invoice modifications to provide a credit to the District for the cost of such expenditures.

Mr. Gustafson reported that he completed the updates to the District's Emergency Plan.

Mr. Gustafson updated the Board on his coordination with Director Lynch regarding a resident's high water bill and with Director Smyth regarding a re-located water valve.

Mr. Gustafson reported that the two lift station pump motors were replaced with three-phase motors as approved last month.

Mr. Gustafson updated the Board on his coordination with Director Jones to develop a database for analyzing the District's expenses related to facilities repairs during the prior two years.

Following review and discussion, Director Jones moved to approve the cost estimate in the amount of \$4,306.75 plus \$800.00 for labor for repair of booster pump no. 3 at the District's water plant no. 2, approve the proposal in the amount of \$1,450.00 each for the installation of eyewash and shower safety stations at the District's two water plants, and to approve and authorize distribution of the Consumer Confidence Report. Director DiCioccio 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 reviewed one account requiring additional investigation. He 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 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 one delinquent account discussed per Mr. Gustafson's

recommendation. Director DiCioccio seconded the motion, which was approved by unanimous vote.

### PUBLIC COMMUNICATIONS

Director Smyth discussed the District's public communication activities, including information placed into the Champion Forest Women's Club Newsletter and distribution of the District's newsletter. She stated that she will coordinate with Mr. Pagan on placing the Board's draft counteroffer to the Developers' proposed Ninth Amendment onto the District's web site.

### MATTERS RELATED TO NHCRWA

There was no additional report on matters related to the North Harris County Regional Water Authority.

### 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 development of next year's budget and plant operating revisions made to the operator's contract. A copy of the meeting minutes is attached. In response to Director Jones' question, Director Lynch stated that actual expenses this year were \$200,000 more than budgeted.

### HOMEOWNERS ASSOCIATION MATTERS

Director Smyth stated that an update on the development project for the Raveneaux Country Club Tract was provided to the Champion Forest Maintenance Fund, Inc. (the "HOA").

Ms. Shelnett stated that she has not received an invoice for reimbursement of the HOA for the cost to repair the backflow prevention devices as approved last month.

### REPORT ON WATER CONSERVATION PLAN ACTIONS

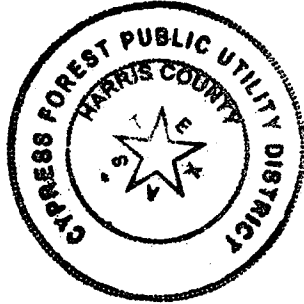
Director Smyth updated the Board on activities related to the District's Water Conservation Plan, including the water conservation pilot project for the District's esplanades. She noted that the District's top ten residential users used 195,700 gallons of water last month. She then introduced Jay Hartley, John DeCell, and Doug Goodwin who gave a presentation on the Water Irrigation System Evaluation Program (the "Wise Guys Program") for evaluation of existing irrigation systems to provide recommendations for improvement to the performance of the systems.

MEETING SCHEDULE AND AGENDA

The Board next discussed their meeting schedule and items for inclusion on the next meeting agenda. The Board concurred to canvass the 2010 Directors Election at 2:00 p.m. on Wednesday, May 19, 2010.

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

(SEAL)



*Michael J. Lynch, Jr.*  
Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

	Minutes <u>Page</u>
attendance sheets .....	1
Bookkeeper's Report .....	2
Tax Assessor/Collector's Report.....	2
Engineer's Report.....	2
Operator's Report.....	2
counteroffer to Ninth Amendment .....	2
Joint Powers Board Meeting Minutes .....	5