

MINUTES
CYPRESS FOREST PUBLIC UTILITY DISTRICT

December 6, 2011

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 December 2011, at the offices of Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, 77027, Brazos Conference Room, Houston, Texas, outside 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: Mark L. Roth, C.P.A.; 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.; 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 to receive public comments. There were no public comments.

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 November 1, 2011, and November 10, 2011, were previously distributed. Upon a motion made by Director Lynch and seconded by Director Petrick, the Board voted unanimously to approve 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.

AUDIT FOR FISCAL YEAR END SEPTEMBER 30, 2011

Mr. Roth reviewed with the Board the draft audit for fiscal year ended September 30, 2011. After review and discussion, Director Petrick moved to approve the audit and direct that the finalized audit be filed appropriately and retained in the District's official records. Director Lynch seconded the motion, which was approved by unanimous vote.

ADDITIONAL FINANCIAL AND BOOKKEEPING ACTION ITEMS

Ms. Shelnutt reviewed one additional check for payment of Pay Estimate No. 2 for the District's contract with Redrock Construction Group, LLC for spot repairs in the District's drainage channel and stated that the check will be included on next month's bookkeeper's report subject to the Board's approval.

The Board discussed an annual membership renewal notice received from the Alliance for Water Efficiency. Following discussion, the Board concurred not to renew the District's membership in the organization.

TRAVEL REIMBURSEMENT GUIDELINES

The Board discussed the District's Travel Reimbursement Guidelines and the Directors' attendance at the Association of Water Board Directors winter conference. Following review and discussion, Director Normand moved to approve payment of two per diems for the winter conference. Director Lynch seconded the motion, which was approved by unanimous vote.

AUTHORIZE CONSULTANTS TO PREPARE ANNUAL REPORT

Mr. Pagan reminded the Board that the District is required to file an Annual Report in accordance with the Continuing Disclosure of Information Agreement and SEC Rule 15c2-12. He stated that certain financial information and operating data is required to be updated annually due to the covenants contained in the bonds issued by the District. After discussion, Director Lynch moved to authorize the District's consultants to prepare the Annual Report. Director Petrick seconded the motion, which was approved by unanimous vote.

ADDITIONAL TAX ASSESSMENT COLLECTION ACTION ITEMS

There were no additional tax assessment collection action items.

CONSTRUCTION CONTRACT FORMS

Mr. Pagan reviewed a memorandum prepared by ABHR regarding changes made to the form of construction contracts for use by the District. He stated that the changes were made in response to recent legislative changes affecting indemnity provisions used in construction contracts. A copy of the memorandum is attached.

ADDITIONAL ENGINEERING ACTION ITEMS

Mr. Joubran reported on the status of the District's contract with Redrock Construction Group, LLC for spot repairs in the drainage channel located at the extension of Champion Drive, adjacent to 9301 Cypresswood Drive. He recommended approval of a time extension of 20 days and Change Order No. 1 in the amount of \$42,435.58. He additionally recommended approval of Pay Estimate No. 2 in the amount of \$14,183.48. Following discussion, Director DiCioccio moved to approve the time extension, change order, and pay estimate as recommended. Director Normand seconded the motion, which was approved by unanimous vote.

Mr. Joubran reported that a Notice to Proceed was issued on November 28, 2011, to L.C. United Painting Company for the project to rehabilitate the two ground storage tanks, the hydro-pneumatic tank, and the piping within the District's water plant no. 2. He stated that the project is scheduled to be completed in 90 calendar days. Mr. Joubran requested approval to engage a specialized tank inspection consultant for the project in an amount not to exceed \$18,500. Following discussion, Director DiCioccio moved to authorize engaging the consultant for construction phase inspection and supervision services for the project in an amount not to exceed \$18,500. Director Lynch seconded the motion, which was approved by unanimous vote.

Mr. Joubran recommended converting the temporary caustic feed system for the District's water system to a permanent system to avoid any potential changes in the chemistry of the surface water delivered to the residents. He stated that the recommendation is based on feedback received from Malcolm-Pirnie, Inc. Following discussion, Director Lynch moved to authorize Pepe Engineering to perform design services for a permanent caustic feed system for the District's water system in an amount not to exceed \$50,000. Director Petrick seconded the motion, which was approved by unanimous vote.

FUNDING ALTERNATIVES FOR CAPITAL IMPROVEMENT PLAN PROJECTS

Director Jones reviewed proposed funding alternatives, developed in coordination with the District's financial advisor, for a proposed capital improvement plan for years 2012 through 2015. Mr. Joubran reviewed proposed capital improvement plan options for years 2012 through 2015, and the estimated costs for spot repair of the sanitary sewer line located in Champion Forest Section 2.

RESOLUTION EXPRESSING INTENT TO REIMBURSE

There was no action on this item.

ADDITIONAL DISTRICT FACILITY OPERATIONS ACTION ITEMS

Mr. Gustafson reviewed water accountability and discussed operating matters. He reviewed a list of recommended manhole repairs for Champion Forest Section 2 in the amount of \$7,915. Following review and discussion, Director Lynch moved to approve the list of repairs. Director Petrick seconded the motion, which was approved by unanimous vote.

CONDUCT HEARING ON TERMINATION OF WATER SERVICE

Mr. Gustafson reviewed a list of top ten residential and commercial usage accounts. The Board 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 will be given written notice 10 days prior to next month's 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 Lynch moved to authorize sending written notice to the customers included on the termination list in accordance with the District's Rate Order. Director Petrick seconded the motion, which was approved by unanimous vote.

AMENDED AND RESTATED DROUGHT CONTINGENCY PLAN

The Board concurred to defer this item.

RAVENEUX COUNTRY CLUB TRACT DEVELOPMENT AND LEASE

The Board discussed matters related to the development project for the Raveneaux Country Club Tract and the Lease Agreement for the Raveneaux Country Club Tract with JP/Raveneaux Partners, L.P. Mr. Pagan discussed adding a provision to the First Amendment to Lease Agreement to allow the District access to certain lease property for a District walking trail. After discussion, Director DiCioccio moved to authorize a lease amendment that would allow District access to a portion of the leased property to allow an extension of the District's trail. Director Lynch seconded the motion, which was approved by unanimous vote.

MATTERS RELATED TO NHCRWA

Director DiCioccio reported on the monthly meeting of the North Harris County Regional Water Authority (the "NHCRWA"), including water conservation matters, surface water use requirements, and the budget.

KLEINWOOD REGIONAL WASTEWATER TREATMENT PLANT

Director Lynch updated the Board on last month's meeting of the Joint Powers Board and the operations and maintenance of the Kleinwood Regional Wastewater Treatment Plant. He stated that a report on the effluent feasibility study will be presented for review at next month's Board meeting. Discussion ensued regarding determining the feasibility of constructing an effluent reuse system.

HOMEOWNERS ASSOCIATION MATTERS

Director Petrick reported on his attendance at last month's meeting of the Champion Forest Maintenance Fund, Inc.

RESIDENTIAL SOLID WASTE COLLECTION CONTRACT

Director Petrick discussed proposed communication strategies for Royal's proposed Green Waste Recycling Program.

PUBLIC COMMUNICATIONS

The Board discussed the District's public communications, including updates to the District's website and articles for publication in the Champion Forest Women's Club Newsletter.

DEVELOPMENT OF PARKS AND TRAILS

The Board discussed development and maintenance of parks and trails, including irrigation options for a portion of Cypress Forest Park. Director DiCioccio discussed two irrigation options for a portion of the park. A copy of a drawing of the options is attached. Following discussion, Director Petrick moved to authorize installation of a four-inch meter and main trunk line for park irrigation, in place of the previously authorized installation of a two-inch line, subject to verification of facts related to the use of purple pipe. Director Jones seconded the motion, which was approved by majority vote, with Director Normand opposed.

MEETING SCHEDULE AND AGENDA

The Board discussed its 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.

(SEAL)

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Secretary, Board of Directors

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