

MINUTES  
CYPRESS FOREST PUBLIC UTILITY DISTRICT

August 2, 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 2nd day of August 2011, 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, Terri Stramer, and Barb Smith, residents of the District; Mark Roth, CPA; Michael Murr of Murr Incorporated; Carlton McDevitt of Severn-Trent Services; Tom Rolan of AECOM; Sunil Kommineni and Trent Slovak of Malcom Pirnie; Kim Shelnut 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"); Les Griffith of Champions Hydro-Lawn, 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. Ms. Smith addressed the Board to discuss irrigation of the esplanades located within the District and the District's proposed participation in a green waste recycling plan.

Ms. Stramer addressed the Board regarding water quality issues at her residence and provided a sample of her water. Mr. Gustafson stated that a SWWC representative will visit Ms. Stramer's residence tomorrow to research the issue.

Copies of the completed Public Comment Cards are attached.

## ENGAGE AUDITOR TO CONDUCT AUDIT

Mr. Roth reviewed with the Board an engagement letter for annual auditing services in the amount of \$9,500.00 for each of the District's fiscal years ending September 30, 2011, and 2012. He stated that there is no increase in price over the previous two-year engagement. Following review and discussion, Director Petrick moved to authorize execution of the engagement letter. Director Normand seconded the motion, which was approved by unanimous vote.

## SURFACE WATER AND WATER QUALITY

Mr. Slovak provided an update on Malcolm Pirnie's collection of data beginning in March, 2011, for use in addressing the water quality issues experienced within the District. He discussed operational measures implemented over the past few months and reviewed recommendations for additional operational measures to be performed within the District to control critical water quality parameters. Mr. Slovak and Mr. Rolen responded to Board members' questions regarding the data collection and recommendations. Mr. Kommineni additionally reviewed data collection results. Mr. Gustafson discussed SWWC's implementation of the recommended operational measures.

## 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 meeting of the Board of Directors held on July 5, 2011, were previously distributed. Upon a motion made by Director Petrick and seconded by Director Lynch, 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.

## PRESENTATION ON GREEN WASTE RECYCLING

The Board concurred to defer this item.

## ADDITIONAL FINANCIAL AND BOOKKEEPING ACTION ITEMS

Ms. Shelnutt reviewed three additional checks for payment of per diems and an engineering invoice. She stated that the additional checks will be included on next month's bookkeeper's report. Following review and discussion, Director Petrick moved to approve payment of the additional checks. Director Lynch seconded the motion, which was approved by unanimous vote.

## BUDGET FOR FISCAL YEAR END 2012

Director Jones reviewed with the Board a proposed draft budget for fiscal year end 2012, and reviewed analyses of projected revenues and expenses. Discussion ensued regarding specific line items. Following review and discussion, Director Jones requested that comments and questions regarding the proposed budget be forwarded to him within the next week to assist with determining whether a special meeting needs to be scheduled for additional discussion.

## ADDITIONAL TAX ASSESSMENT COLLECTION ACTION ITEMS

There were no additional tax assessment and collection action items.

## ADDITIONAL ENGINEERING ACTION ITEMS

Mr. Joubran reported that the scope of the plans for the proposed repair of the drainage channel located between Cypresswood Boulevard and Cypress Creek have been revised, in coordination with Director DiCioccio, to include worsened conditions discovered after the channel had been cleared and mowed. Following discussion, Director Normand moved to authorize Pepe Engineering to proceed with the advertisement for bids for the expanded scope at a cost not to exceed \$5,000.00. Director DiCioccio seconded the motion, which was approved by unanimous vote.

## ADDITIONAL DISTRICT FACILITY OPERATIONS ACTION ITEMS

Mr. Gustafson reported that the District sold approximately 2,225,000 gallons of water to Louetta North P.U.D. and that an invoice will be forwarded to them.

Mr. Gustafson reported on breaks experienced in the District's main water lines over the previous month and reviewed water accountability, well water production, and the purchase of surface water from the North Harris County Regional Water Authority (the "NHCRWA").

The Board discussed correspondence received in response to the District's public communication distributed last month to inform the District's residents on chemical reactions which occur within the galvanized pipes located within homes and SWWC's activities to address the residents' concerns.

Mr. Gustafson reported that Ms. Deyo contacted him and stated that her plumber has determined that the damage to her water heater that caused subsequent water damage to her home was not caused by the directional flushing performed in the District.

Mr. Gustafson reviewed a proposal for performance of a manhole survey. Following review and discussion, the Board requested that the proposal be revised for review at next month's meeting.

Mr. Gustafson reported that televising performed on the District's sanitary sewer lines in Section 4 has identified longitudinal cracks in the lines. Mr. Joubran stated that his review of the compact discs of the televising identified a break in the pipe in one location. Following discussion, the Board requested that Mr. Joubran prepare an estimate for the repair of the break for review at next month's meeting.

#### CONDUCT HEARING ON TERMINATION OF WATER SERVICE

Mr. Gustafson reviewed correspondence from a resident requesting an adjustment to a high utility bill. He reviewed the historical usage for the account and the Board concurred with Mr. Gustafson's recommendation to deny the request.

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 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. He stated that he will perform a review of the accounts and notify the Board of any accounts that will need additional research. Following discussion, Director Normand 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, except for the accounts needing additional research as determined by Mr. Gustafson. Director Petrick seconded the motion, which was approved by unanimous vote.

#### AMENDED AND RESTATED DROUGHT CONTINGENCY PLAN

Mr. Pagan reported that ABHR is working on a proposed amendment to the District's Drought Contingency Plan to adopt trigger conditions related to the District's purchase of surface water from the NHCRWA.

#### MATTERS RELATED TO NHCRWA

Director DiCioccio and Mr. Joubran reported on the monthly meeting of the NHCRWA.

#### 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, including Harris County Fresh Water Supply District No. 2's interest in using effluent for irrigation purposes. A copy of the minutes of the meeting is attached. Discussion ensued regarding Raveneaux Country Club's effluent reuse project and the District's potential use of effluent for irrigation. Director Normand distributed a white paper on the matter and requested that the Directors review it.

HOMEOWNERS ASSOCIATION MATTERS

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

Director Jones reported on the National Night Out event planned by the HOA and recommended making the requested contribution amount of \$750.00. Following discussion, Director Petrick moved to contribute \$750.00 to the HOA for the event. Director Lynch seconded the motion, which was approved by unanimous vote.

PUBLIC COMMUNICATIONS

Director Normand reported on the District's public communications, including updates made to the District's website. He requested Board input on items for inclusion in an article for publication in the next Champion Forest Women's Club Newsletter.

Director Lynch requested that the Board authorize distribution of a notice of the construction of a memorial for fallen military who have served in Iraq and Afghanistan to be constructed at the Cy-Champ Park. A copy of the notice is attached. Following review and discussion, Director Lynch moved to authorize distribution of the notice in the District's utility bills and posting of the notice onto the District's web site. Director DiCioccio seconded the motion, which was approved by unanimous vote. The Board requested that information regarding the District's honorariums be included on the web site as well.

WATER WISE AGREEMENT

The Board reviewed an Interlocal Agreement with the Harris-Galveston Subsidence District for sponsorship of students' participation in the Water Wise Program at Brill Elementary School. Following review and discussion, Director Lynch moved to authorize execution of the agreement as presented. Director Petrick seconded the motion, which was approved by unanimous vote.

MEETING SCHEDULE AND AGENDA

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

RAVENEUX COUNTRY CLUB TRACT DEVELOPMENT, LEASE AGREEMENT

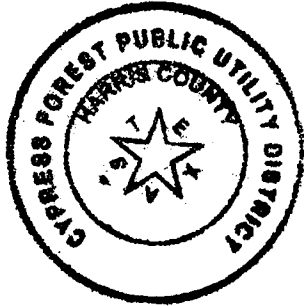
The Board discussed matters related to the development project for the Raveneaux Country Club Tract and the Lease Agreement for the Raveneaux Country Club Tract (the "Lease Agreement") with JP/Raveneaux Partners, L.P. Director Jones reported on a request for an amendment to the Lease Agreement by JP/Raveneaux Partners, L.P. due to change in ownership and to change the clause requiring us of the property.

DEVELOPMENT OF PARKS AND TRAILS

Mr. Murr gave a presentation on a Park Master Plan. A copy of the presentation is attached. Following review and discussion, the Board concurred to forward to Director DiCioccio comments and ideas related to Phase I of the proposed plan for discussion at next month's meeting.

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

(SEAL)



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

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