

MINUTES
CYPRESS FOREST PUBLIC UTILITY DISTRICT

September 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 September 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, John Stramer, Debbie Donahue, John Gilbert, Nelda Wallace, Nancy Grayson, Irv Grayson, Harold Wallace, Norman Myers, Chris Normand, Kevin Wyatt, Margaret Coker, Mack Elbert Coker, Narda Martin, Clay Snear, and Barb Smith, residents of the District; John Howell of The GMS Group; Kim Shelnett of Myrtle Cruz, Inc.; Esther Flores of Tax Tech, Inc.; Nabil Joubran of Pepe Engineering, Ltd.; Gus Gustafson of SWWC Services, Inc.; Les Griffith of Champions Hydro-Lawn, Inc.; Greer Pagan of Allen Boone Humphries Robinson LLP ("ABHR"); and Justine M. Cherne, Recording Secretary. A copy of an Attendance Sheet is attached.

Director Jones called the meeting to order.

PUBLIC COMMENTS

Director Jones opened the meeting to receive public comments. Mr. Gilbert, Ms. Grayson, Mr. Myers, Mr. Wallace, and Mr. Wyatt addressed the Board to discuss the proposed development project for the Raveneaux Country Club Tract, including actions related to the Lease Agreement.

Ms. Stramer addressed the Board regarding a report she received on testing of the water at her residence. Mr. Gustafson stated that he will explain the report to Ms. Stramer.

Copies of the completed Public Comment Cards are attached.

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 August 2, 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.

ADDITIONAL FINANCIAL AND BOOKKEEPING ACTION ITEMS

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

ADOPT BUDGET FOR FISCAL YEAR END 2012

Director Jones reviewed with the Board revisions made to the proposed budget for fiscal year end 2012. Following review and discussion, Director Petrick moved to adopt the budget as presented. Director Lynch seconded the motion, which was approved by unanimous vote.

ADDITIONAL TAX ASSESSMENT COLLECTION ACTION ITEMS

There were no additional tax assessment and collection action items.

2011 TAX RATE

Mr. Howell reviewed a tax rate analysis for the District's debt service fund and discussed the District's debt service fund reserve and cash flow. A copy of the analysis is attached. After review and discussion, Director Lynch moved to authorize the tax assessor/collector to publish notice of a public hearing to be held at the District's regular meeting scheduled at 4:00 p.m. on October 4, 2011, regarding the District's adoption of a proposed tax rate of \$0.324 per \$100 assessed valuation, with \$0.16 allocated for debt service and \$0.164 allocated for maintenance and operations. Director Petrick seconded the motion, which passed by unanimous vote.

Discussion ensued regarding the District's operating and capital improvement plan budgets. Following discussion, the Board concurred to appoint Directors DiCioccio and Normand to serve on a committee to coordinate with Mr. Joubran to develop a three-year capital improvement plan budget.

CONDUCT ANNUAL REVIEW OF INVESTMENT POLICY

The Board next conducted an annual review of the District's investment policy. Mr. Pagan reviewed recommended changes to the policy. Following review and discussion, Director Lynch moved to adopt a Resolution Regarding Annual Review of Investment Policy and Adoption of Amended Investment Policy. Director Petrick seconded the motion, which was approved by unanimous vote.

ADDITIONAL ENGINEERING ACTION ITEMS

Mr. Joubran reviewed a draft budget for a proposed capital improvement plan for fiscal year 2012.

Mr. Joubran reported that three bids were opened on September 6, 2011, for the contract for spot repairs in the drainage channel located at the extension of Champion Drive, adjacent to 9301 Cypresswood Drive. He recommended that the Board award the contract to the lowest bidder, Redrock Construction Group, LLC, in the amount of \$96,209.41, subject to verification of the bid qualifications. Following review and discussion, the Board concurred with the engineer's judgment that Redrock Construction Group, LLC was a responsible bidder whose bid would result in the best and most economical completion of the project. Director DiCioccio moved to award the contract to Redrock Construction Group, LLC in the amount of \$96,209.41, or to the next lowest qualified bidder, subject to verification and authorization by Director DiCioccio, and authorize execution of the contract. Director Lynch seconded the motion, which was approved by unanimous vote. A copy of the bid tabulation is attached.

ADDITIONAL DISTRICT FACILITY OPERATIONS ACTION ITEMS

Mr. Gustafson reported on low level alarms experienced at water well no. 1 and stated that he will coordinate with the Raveneaux Country Club on its irrigation schedule to prevent future alarms.

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").

Mr. Gustafson discussed implementation of Malcolm Pirnie's recommendations to address the color, taste, and odor issues with the surface water being delivered by the NHCRWA to the District.

Mr. Gustafson reviewed a proposal for repair of a break in the District's sanitary sewer line located in Champion Forest Section 4 in the amount of \$4,150. Following review and discussion, Director Lynch moved to accept the proposal. Director Petrick seconded the motion, which was approved by unanimous vote.

Mr. Gustafson reviewed a proposal for a survey of 322 District manholes in the amount of \$25 for each manhole, and the total amount of \$8,050. Following review and discussion, Director Petrick moved to accept the proposal. Director DiCioccio 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. He reported on his review of one of the accounts because it is unusually high.

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. 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 Petrick seconded the motion, which was approved by unanimous vote.

AMENDED AND RESTATED DROUGHT CONTINGENCY PLAN

Mr. Pagan reported that ABHR continues to work 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.

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 that JP/Raveneaux Partners, L.P. is not requesting an amendment to the Lease Agreement at this time. Following discussion, the Board concurred to additionally consider this matter at the special meeting scheduled to be held on September 15, 2011.

MATTERS RELATED TO NHCRWA

Director DiCioccio and Mr. Joubran reported that the monthly meeting of the NHCRWA has been rescheduled to September 12, 2011, due to the Labor Day Holiday.

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 an effluent reuse feasibility study to be performed. A copy of the minutes of the meeting is attached. Following discussion, the Board concurred to discuss the District's potential participation in the effluent reuse feasibility study at the special meeting scheduled to be held on September 15, 2011.

HOMEOWNERS ASSOCIATION MATTERS

Director Petrick reported on his attendance at last month's meeting of the Champion Forest Maintenance Fund, Inc. (the "HOA"). He discussed a proposed First Amendment to the District's Lease Agreement with the HOA for lease of the Administrative Building to extend the term to January 2, 2028. Following review and discussion, Director Normand moved to authorize execution of the First Amendment to Lease Agreement. Director Petrick seconded the motion, which was approved by unanimous vote.

Director Jones discussed the HOA's cost to irrigate the trees located on the esplanades within the District and recommended that the Board consider amending the District's Rate Order to change the water rates for Public Irrigation Users to \$0.60 per thousand gallons of actual usage. Following discussion, the Board concurred to consider amending the District's Rate Order at the special meeting scheduled to be held on September 15, 2011.

Director Jones reviewed a proposal for feeding 70 trees located on the esplanades within the District in the amount of \$55 per tree. Following discussion, Director Jones moved to accept the proposal in an amount not to exceed \$4,000. Director Petrick 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 and an article on the history and requirements of the District's delivery of surface water from the NHCRWA to the District's residents for publication in the next Champion Forest Women's Club Newsletter.

MEETING SCHEDULE AND AGENDA

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

DEVELOPMENT OF PARKS AND TRAILS

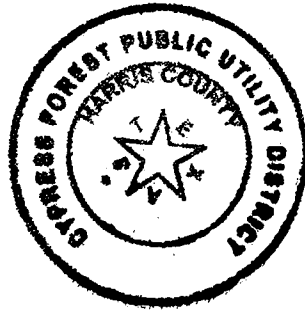
The Board concurred to discuss development and maintenance of parks and trails at the special meeting scheduled to be held on September 15, 2011.

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)



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

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
Attendance Sheet.....	1
Public Comment Cards	1
Bookkeeper’s Report	2
Tax Assessor/Collector’s Report	2
Engineer’s Report.....	2
Operator’s Report.....	2
Tax Rate Analysis.....	2
Bid Tabulation	3
Joint Powers Board Meeting Minutes	5