

WATER AND SEWER OPERATIONS MANAGER'S REPORT

The Board recognized Ms. Divin, who presented the Water and Sewer Operations Manager's Report.

Ms. Divin (i) presented to and reviewed with the Board a list of items that were discovered as needing repair during a recent facilities inspection, (ii) presented to and reviewed with the Board a report on the Enchanted Oaks HOA meters in the esplanades along Cypresswood Drive, (iii) discussed the large number of calls from residents in the District over the last month due to high water usage, (iv) noted that the list of commercial accounts under the District's Strategic Partnership Agreement has been updated and (v) noted that an illegal connection has been discovered at 19422 Royal Lagoon and she will continue to investigate the matter to determine the exact location of the connection.

Ms. Divin next discussed the status of the initial clean-up of the three detention ponds serving the Cypresswood Lake ("CWL") subdivision. Mr. Halbert distributed photographs of the work done on such detention ponds to the Board. Ms. Divin noted that the monthly billing to the CWL residents to allow the District to recover the costs of the initial clean-up and the first year's maintenance will begin in September 2009.

Ms. Divin next discussed with the Board the continuing issues with garbage collection services provided by Republic Waste.

Upon motion made by Director Satterwhite and seconded by Director Dowdy, the Board unanimously voted to authorize the District's attorney to send notice of termination to Republic Waste in accordance with the District's trash collection contract with Republic Waste, with a termination date of October 1, 2009.

Ms. Divin then noted that plans have been submitted for a taqueria at 1950 Louetta, Suite C and such property has never been platted, as required by law for the District to provide water and sewer service to such property. The District agreed to provide temporary water and sewer service to the property until such time as the plat was approved.

Upon motion made by Director Satterwhite and seconded by Director Stevens, the Board unanimously voted to authorize Ms. Divin and/or the District's Attorney to send a letter to the property owner advising him that they must submit proof that the plat has been submitted to the City of Houston by September 15, 2009 and that they must receive final approval and have the plat recorded by December 1, 2009 or else service to the property will be terminated.

Ms. Divin also explained that Spec's Liquor has requested temporary water and sewer service until such time as their plat is approved by the City of Houston. Ms. Divin noted that their plat has been submitted to the City of Houston.

Upon motion made by Director Satterwhite and seconded by Director Dowdy, the Board unanimously voted to approve temporary water and sewer to Spec's Liquor and that such service will be terminated on December 1, 2009 unless the plat for such property has been approved by the City of Houston and recorded.

Ms. Divin then presented to and reviewed with the Board a quote for the calibration and inspection of the commercial meters and back-flow preventers in the District from Accurate Meter.

Upon motion made by Director Dowdy and seconded by Director Stevens, the Board unanimously voted to hire Accurate Meter for the calibration and inspection of the commercial meters and back-flow preventers in the District, at a cost not to exceed \$13,500.00. The Board noted that if the District's Rate Order requires the commercial customers to test their back-flow preventers annually then they do not want Accurate Meter to calibrate and inspect such meters.

OPERATOR'S REPORT

The Board next recognized Mr. Ammel, who presented to the Board the Operator's Report, a copy of which is attached hereto.

Mr. Ammel discussed an issue with the sewer line serving 703 Leaflet Lane, which is disconnected from the District's line. The Board noted that since there is no issue with the District's line and because the District cannot legally repair a private line, then there is nothing the District can do to help with this issue.

Mr. Ammel next discussed two requests from customers in the District for an adjustment to their water bill due to high usage. Mr. Ammel noted that in both instances the meters were re-read and the lines tested for leaks and no problems were discovered. The Board took no action on either matter as they do not offer adjustments to water bills for high usage absent a showing that there was a leak and being provided evidence that such leak has been repaired.

Mr. Ammel then discussed the possible installation of a reclaimed water system to provide irrigation to the park areas.

Upon motion made by Director Satterwhite and seconded by Director Stevens, the Board unanimously voted to (i) approve the Operator's Report and (ii) authorize the District's Engineer to determine an estimate of costs involved with the installation of a reclaimed water system for the park areas.

Termination of Water Service

Consideration was then given to the termination of water service to certain accounts for failure to pay their water bills. At this time, Mr. Ammel presented to the Board a list of proposed terminations. The Board noted that there were no persons present at the meeting to protest their utility bills and/or the termination of water service to their property.

Upon motion made by Director Satterwhite and seconded by Director Stevens, the Board voted unanimously to authorize termination of water service with the assistance of a peace officer, if necessary, to the accounts listed in the Termination Report, a copy of which is attached hereto.

BOOKKEEPER'S REPORT/INVESTMENT REPORT

The Board next recognized Ms. Jarmon, who submitted to and reviewed with the Board the Bookkeeper's Report and Investment Report, copies of which are attached hereto, and certain invoices for payment by the Board. Ms. Jarmon noted that she recently received applications for unemployment benefits for two former employees of the District (Art Gerczak and Knolly Thorpe).

Upon motion made by Director Dowdy and seconded by Director Stevens, the Board unanimously voted to (i) approve the Bookkeeper's Report, (ii) approve the Investment Report, as presented, and (iii) to approve the checks presented for payment.

ENGINEERING/DEVELOPMENT REPORT

The Board recognized Mr. Davis who presented the Engineering/Development Report.

Mr. Davis discussed with the Board the proposed annexation of approximately 27 acres into the District (including the District office and the remainder of the property adjacent to the park that is owned by Cypress Creek Townoffices).

Upon motion made by Director Satterwhite and seconded by Director Stevens, the Board unanimously voted to (i) approve the Engineer's Report and (ii) approve any and all actions necessary to proceed with the annexation of the approximately 27 acres into the District.

North Harris County Regional Water Authority ("NHCRWA")/Conversion to Surface Water

Mr. Davis updated the Board on the status of the proposed construction of a surface water transmission line by the NHCRWA along Cypresswood Drive. Mr. Davis noted that he is still waiting on the TCEQ to approve the plans for the District's chloromine conversion system.

PARKS AND RECREATION MANAGER'S REPORT

The Board recognized Mr. Dellinger, who presented the Parks and Recreation Manager's Report. Mr. Dellinger (i) reviewed his process for paying monthly invoices associated with the park and recreational facilities, (ii) informed the Board that he is planning a Fall Festival which is scheduled to occur on Saturday, November 14, 2009 and a Polar Bear Swim in January 2010 and (iii) informed the Board that Wi-Fi service is now active around the pool and tennis courts.

Mr. Dellinger next discussed the need for additional funding for purchase of fitness equipment, the construction of the remainder of the slew in the park and repairs that need to be made to the amphitheater in the park.

After further discussion, upon a motion by Director Dowdy, seconded by Director Stevens, the Board voted unanimously to approve (i) an additional \$4,500.00 for the purchase of fitness equipment, (ii) construction of the remainder of the slew in the park in the amount of \$7,000.00 (with such costs to come out of the budgeted item for Park Repairs) and (iii) repairs to the amphitheater in the park in the amount of \$3,300.00 (with such costs to come out of the budgeted item for Park Repairs).

Mr. Dellinger then presented to and reviewed with the Board the final versions of the revised Facilities Use Agreement, Park Rules and Regulations and Waiver and Indemnity Agreement.

Upon motion made by Director Stevens and seconded by Director Dowdy, the Board unanimously voted to approve the revised Facilities Use Agreement, Park Rules and Regulations and Waiver and Indemnity Agreement.

ATTORNEY'S REPORT

The Board recognized Mr. Kahn, who presented the Attorney's Report. Mr. Kahn noted that since the District's last regular meeting, he met with Mr. Ammel to discuss issues with the contract between the District and EDP. Mr. Kahn noted that the main issue is due to the fact that some charges which seem to be included in Basic Services are not included in the Basic Services but conclusion arises due to inconsistencies in the contract. Mr. Kahn noted that he and Mr. Ammel will work on an amended contract to clean-up any and all inconsistencies.

Minutes of Meetings of June 23, 2009, June 30, 2009, July 8, 2009 and July 16, 2009

Proposed minutes of the meetings held June 23, 2009, June 30, 2009, July 8, 2009 and July 16, 2009, previously distributed to the Board were presented for consideration and approval.

Upon motion made by Director Stevens and seconded by Director Satterwhite, the Board voted unanimously to approve the minutes from the meetings of June 23, 2009, June 30, 2009, July 8, 2009 and July 16, 2009, as amended.

Annual Review of Investment Policy

Consideration was then given to a Resolution Evidencing Review of Investment Policy and Investment Strategies. Mr. Kahn reminded the Board that the Public Funds Investment Act requires the Board to review the District's Investment Policy annually and consider making any changes thereto. Mr. Kahn recommended that no changes be made to the Investment Policy at this time other than to update this list of Authorized Brokers for the District.

Upon motion made by Director Satterwhite, seconded by Director Stevens, the Board by unanimous vote agreed not to make any changes to the District's Investment Policy other than to update this list of Authorized Brokers for the District and to adopt the Resolution Evidencing Review of Investment Policy and Investment Strategies.

Homeland Security Resolution

Consideration was then given to a Resolution Establishing Procedures for Notifying Texas Commission on Environmental Quality of a Security Threat. Mr. Kahn explained that Section 341.033 of the Texas Health and Safety Code requires public water supply and wastewater systems such as the District to maintain procedures to notify the TCEQ of certain conditions. Mr. Kahn continued that this Resolution requires the District's Operator to notify the TCEQ if one or any of the following occur: (1) an unusual or unexplained unauthorized entry at the District's water supply or wastewater treatment plant sites; (2) an act of terrorism against the water supply or wastewater system; (3) an unauthorized attempt to probe for or gain access to proprietary information that supports key activities of the water supply or wastewater system; (4) a theft of property that supports the key activities of the water supply or wastewater system; or (5) a natural disaster, accident, or act that results in damage to the water supply or wastewater system. In addition, this Resolution requires the District's Operator to complete and file with the TCEQ an Annual Homeland Security Contact Update and Information Form.

Upon motion made by Director Dowdy, seconded by Director Stevens, the Board by unanimous vote approved the Resolution Establishing Procedures for Notifying Texas Commission on Environmental Quality of a Security Threat.

There being no further business to come before the Board, upon motion duly made and seconded, the meeting was adjourned.

APPROVED THIS October 14, 2009.


Secretary, Board of Directors