

# CYPRESS FOREST PUBLIC UTILITY DISTRICT

c/o Allen Boone Humphries Robinson LLP  
3200 Southwest Freeway, Suite 2600, Houston, Texas 77027

March 17, 2008

Dear Residents of Cypress Forest Public Utility District:

We are writing to inform you of the position taken by the Board of Directors of Cypress Forest Public Utility District (the "District") regarding JP Raveneaux Partners, L.P.'s ("JP Partners") most recent term sheet for redevelopment of Raveneaux County Club. JP Partners has proposed a term sheet for an agreement that would (i) allow the Raveneaux redevelopment to utilize capacity in District water and sewer lines, (ii) provide for reimbursement to JP Partners for construction of water, sewer and drainage facilities in that portion of Raveneaux that is in the District in the approximate amount of \$750,000 to \$1,000,000 and (iii) provide a thirty-foot landscape buffer along a portion of Cypresswood Drive (unfortunately on close examination 28 feet of which is located in a new street paralleling Cypresswood).

The Board has formally rejected JP Partner's term sheet because we believe that JP Partners has not addressed the Board's or the community's concerns regarding the Raveneaux redevelopment:

- the adverse effects of the redevelopment on flooding in the District;
- the land use plan for the Raveneaux redevelopment;
- a substantial and meaningful landscape buffer along Cypresswood Drive;
- protections to ensure that the undeveloped portion of Raveneaux remain an open, green space (whether as a golf course or park); and
- protections to ensure that golf course amenities continue to be offered.

The Board believes all of these concerns must be addressed to prevent increase in flooding and protect property values in the District.

The Board continues to be receptive to an acceptable arrangement regarding the Raveneaux redevelopment that addresses their concerns. The Board would also like to express its appreciation for the District residents' involvement in meetings and discussions regarding this challenging matter.

Sincerely,

Board of Directors  
Cypress Forest Public Utility District