

CYPRESS FOREST PUBLIC UTILITY DISTRICT

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

February 13, 2008

Mr. Mark Jordan
JP Raveneaux Partners, L.P.
14651 North Dallas Parkway
Suite 104
Dallas, Texas 75254

Re: Offer Regarding Raveneaux Development

Dear Mr. Jordan:

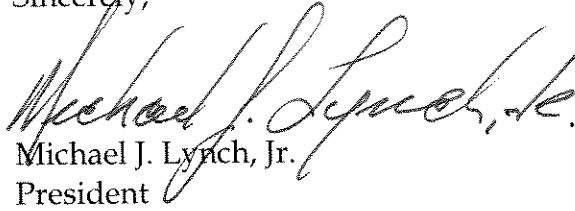
The Board of Directors of Cypress Forest Public Utility District (the "District") has met and considered your January 25, 2008 letter of intent regarding utilities for the redevelopment of Raveneaux Country Club ("Raveneaux"). After careful consideration, the Board respectfully declines your proposal.

The District is prepared to provide water and wastewater plant capacities, connections to the water line and sewer lines in Cypresswood Drive and outfall drainage to serve all connections located on property in the District. Otherwise, the District currently is not willing to provide access to District facilities or property, to reimburse you for any Raveneaux development costs, to provide service to or annex areas outside the District, to interconnect with Kleinwood MUD or to purchase a conservation easement and walking trail on the terms contained in your letter of intent.

However, if you are willing to consider a revised land plan that does not cause risks of increased flooding along Cypresswood Drive and includes a substantial landscape buffer/trail area along the portion of Cypresswood Drive that is currently proposed to be developed, then the Board is willing to consider an agreement regarding the Raveneaux development.

We appreciate the opportunity to work with you on this important project and hope that we can come to an acceptable agreement.

Sincerely,

A handwritten signature in black ink that reads "Michael J. Lynch, Jr." in a cursive style.

Michael J. Lynch, Jr.
President

cc: Mr. Timothy G. Green, Coats Rose PC