

MINUTES OF SPECIAL MEETING  
OF  
CYPRESS FOREST PUBLIC UTILITY DISTRICT

October 18, 2006

THE STATE OF TEXAS    §  
  §  
COUNTY OF HARRIS    §

The Board of Directors of Cypress Forest Public Utility District, Harris County, Texas, met in special session, open to the public, on the 18th day of October, 2006, at the Cypress Forest Public Utility District's Administrative Building, 16215 Champion Forest Drive, Spring, Texas 77379, within the boundaries of the District, and the roll was called of the duly constituted officers and members of the Board, to-wit:

Michael J. Lynch, Jr.	President
Thomas J. Petrick	Vice President
Deborah L. Jackson	Secretary
William J. Lawrence	Assistant Vice President
Linn Jensen Smyth	Assistant Secretary

all of said Directors were present, thus constituting a quorum.

Also present at the meeting were the following: Tony Kindred of Raveneaux Country Club; Don Hand of Greenwood Properties, Inc.; Barbara Payne of Payne Communications; Debbie Shelton of First Southwest Company; Salim Joubran of Pepe Engineering, Ltd. ("Pepe"); Joe B. Allen and Stephen M. Robinson of Allen Boone Humphries Robinson LLP ("ABHR"); Justine M. Cherne, Recording Secretary; and persons listed on the attached attendance sheets.

Director Lynch called the meeting to order.

RECEIVE PROPOSAL FOR PROPOSED DEVELOPMENT PROJECT, DISCUSS  
POTENTIAL ANNEXATION AND AUTHORIZE APPROPRIATE ACTION

Mr. Allen addressed the Board and reviewed a letter received yesterday from Tony Kindred's attorney stating that Mr. Kindred is no longer requesting that the District annex a portion of the Raveneaux Country Club tract because an agreement has been reached with Kleinwood MUD to annex the tract. The letter requests from the District a Utility Commitment Letter and Utility Development Agreement for the proposed development of 67 townhomes on the 7.5 acres of the Raveneaux Country

Club tract currently located within the District's boundaries. A copy of the letter is attached. He stated that he is not prepared to make recommendations to the Board today except regarding the process for preparing an appropriate response to the letter. He stated that the District must perform due diligence on how the proposed development will affect the floodplain, obtain information from Kleinwood MUD, and noted that there are issues affecting the Board members' friends and neighbors that are separate from the District's issues. He stated that residents may want to determine what their rights and interests are and pursue them. He briefly reviewed the District's legal authority and stated that the District does not have any land-use or zoning powers. He suggested that ABHR work with Directors Jackson and Smyth, the development project committee, to further investigate and analyze the issues.

Members of the public next addressed the Board and made comments regarding the proposed development, including concerns regarding flooding, traffic, and property values. Mr. Joubran discussed the floodplain and floodway areas located on the proposed development tract. In response to questions regarding land use authority, Mr. Allen, stated that there is no authority in the area for land-use or zoning control. He briefly reviewed Harris County's and the Harris County Flood Control District's areas of control. In response to questions, Board members described the proposed development of the Raveneaux Country Club tract as one high-rise containing 60 condominiums and hotel space, four buildings containing four stories and 44 units each, and 300 brownstones to be located along Cypresswood Drive for an estimated value of \$289 million on approximate 42.5 acres of the Raveneaux Golf Club tract. Board members discussed efforts for increased communication on this issue and other District issues.

Mr. Robinson noted that the letter forwarded to the District yesterday requests additional water and sewer utility supply for the 7.5 acres currently located within the District and that the remaining portion of the development is located outside of the boundaries of the District. He briefly discussed the District's obligation to provide a reasonable amount of utilities for development within its boundaries when capacity is available. Mr. Allen noted that the development requesting utility service is required to provide the appropriate documentation. He stated that the District has a significant role in determining the impact of the proposed development on the water supply, sanitary sewer, drainage, storm sewer, floodplain, and floodway system. Mr. Robinson stated that a separate analysis is needed for whether the District enters into a Utility Development Agreement.

In response to a resident question, Mr. Allen briefly discussed Harris County's regulatory approval process for drainage requirements for a development. Director Petrick and Director Smyth discussed their activities with the Cypress Creek Flood Coalition and the concern over flow rates and erosion.

Mr. Kindred addressed the Board and stated that he has tried to communicate his development plans and that if the current golf business would support the continuing upkeep, he would not move forward with the proposed development. He stated that golf courses are being closed everywhere. He stated that the development plans and reports are continuously being updated. He stated that he has lived in the community for many years and would not do anything to harm the community. He stated that all of the available options had to be explored and it makes the most business sense for the development to be annexed into Kleinwood MUD. He stated that there is a firm, executed contract with Kleinwood MUD. Discussion ensued regarding the documents provided to and the due diligence performed by Kleinwood MUD. Additional discussion ensued regarding the viability of the project. A member of the public discussed the importance of the floodplain along Cypress Creek and the long-term consequences of increased flow on erosion.

Following discussion, Director Smyth moved that the Board authorize forwarding of a letter to Mr. Kindred by the end of the week to request that the documents previously requested by letter dated August 13, 2006, be forwarded to the District and authorize the development project committee and ABHR to communicate with Kleinwood MUD to obtain information regarding the proposed annexation of a portion of the Raveneaux Country Club tract. Director Petrick seconded the motion, which was approved by unanimous vote. Additional discussion ensued regarding possible installation of utility lines within the District's right-of-way to serve the proposed development.

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

[SIGNATURE PAGE FOLLOWS]

[SIGNATURE PAGE FOR THE MINUTES OF THE OCTOBER 18, 2006, BOARD MEETING]

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Secretary, Board of Directors

(SEAL)

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