

MINUTES  
CYPRESS FOREST PUBLIC UTILITY DISTRICT

March 14, 2008

The Board of Directors (the "Board") of Cypress Forest Public Utility District, Harris County, Texas, (the "District") met in special session, open to the public, on the 14<sup>th</sup> day of March, 2008, at the Cypress Forest Public Utility District's 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:

Michael J. Lynch, Jr.	President
Thomas J. Petrick	Vice President
Deborah L. Jackson	Secretary
Linn Jensen Smyth	Assistant Secretary
Fred P. Jones	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: Vic Fowler of Kleinwood MUD; Mark Jordan of JP/Raveneaux Partners, LP/Kera Development LP; Tim Green of Coats Rose, P.C.; Peter Palacios of Raveneaux Country Club; Don Hand of Greenwood Properties, Inc.; Benton Schmaltz of Brown & Gay Engineers, Inc.; Nabil Joubran of Pepe Engineering, Ltd. ("Pepe Engineering"); Joe B. Allen and Greer Pagan of Allen Boone Humphries Robinson LLP ("ABHR"); Justine M. Cherne, recording secretary; and persons listed on the attached attendance sheets.

PUBLIC COMMENTS

Director Lynch opened the meeting for public comments. Following a public comment on whether the Board would consider public comments later in the meeting, the Board concurred to consider public comments again after receiving information on the proposed development of a residential subdivision on a portion of the Raveneaux Country Club tract, Kera Village.

RAVENEAUX DEVELOPMENT

Mr. Green next reviewed an exhibit to a Letter of Intent from JP Raveneaux Partners, LP dated March 10, 2008. A copy of the Letter of Intent is attached. He stated that the exhibit is a rendering of the proposed development of a residential subdivision on a portion of the Raveneaux Country Club tract, Kera Village, and is not exactly correct. He reviewed a proposed "buffer zone" and stated that Mr. Jordan is willing to agree to not construct vertical improvements within 30 feet of the right-of-way. He

stated that the right-of-way line is ten feet from the Cypresswood curb. He stated that the District would have the right to install landscaping and trees within the area, but not a walking trail. Mr. Jordan, Mr. Green, and Mr. Schmaltz responded to questions from Mr. Allen and Board members regarding the proposed buffer zone and stated that a street for the proposed development, 28 feet in width, is included in a portion of the proposed buffer zone.

Mr. Green stated that, given variances in the flood plain level, the minimum slab height is two feet above the curb and the maximum slab height is four feet above the curb. Mr. Jordan, Mr. Schmaltz, and Mr. Green responded to questions from Mr. Allen and Board members regarding flood plain mitigation, the proposed height, construction, and aesthetics of the townhomes, plans for conveyance of sheet flow from Cypresswood Drive, and the total land plan for the project. Mr. Jordan stated that the conservation easement included in the January 28, 2008, Letter of Intent is not included in the current Letter of Intent. He stated that approximately 60 acres of the remaining Raveneaux property is developable. He stated that he does not plan to develop the 60 acres and that his goal is to keep the country club and golf activities. He stated that he is still open to discussing the installation of a walking trail along the creek.

In response to Mr. Allen, Mr. Green stated that if the boundaries do not change, the requested reimbursement for utilities within the District is estimated at approximately \$750,000. He stated that if the boundaries are re-drawn to remove proposed townhomes from being split by boundary lines between the District and Kleinwood MUD, reimbursement for utilities is estimated at approximately \$1,000,000. Discussion ensued regarding possible alternatives for the proposed development to obtain water and sanitary sewer utilities. Mr. Green stated that Mr. Jordan needs an answer to the revised Letter of Intent by May 9, 2008.

In response to a question from a meeting attendee, Mr. Green stated that he expects the proposed development to qualify for 100% of reimbursement under the rules of the Texas Commission on Environmental Quality.

In response to Director Smyth's question on how to secure some of the land against future development and how to protect the golf course, Mr. Jordan stated that given the complexity of establishing a value for such property and his development schedule, he cannot commit to an agreement on the remaining Raveneaux property. He is willing to discuss them after working out the current proposed Letter of Intent. Director Petrick discussed phased construction of the project and a desire for a conservation easement.

In response to a question from a meeting attendee, Mr. Jordan stated that development of a high-rise building in today's economy is not economically feasible.

He stated that mid-rises, with commercial on the bottom and residential on top, are most feasible at this time.

In response to Mr. Pagan and Mr. Allen, Mr. Jordan stated that he is not willing to agree to a specific land plan for reimbursement, and he will not agree to deed restrictions and non-assignability of the reimbursement agreement. He stated that he does not plan to personally develop the tract. Discussion ensued regarding typical reimbursement agreements and whether an encumbrance would be honored if a bankruptcy occurred.

In response to Mr. Allen, Mr. Green stated that if the District does not agree to the Letter of Intent, the development will move forward as previously planned. He stated that the plat has received preliminary approval.

The Board next opened the meeting to public comments. In response to a question regarding the amount of proposed commercial development, Mr. Jordan stated that the commercial development would be of a resort-like quality, such as restaurants and a spa.

#### CONVENE EXECUTIVE SESSION

The Board next convened in executive session pursuant to Section 551.072 and 551.087 of the Texas Government Code to discuss and consider the acquisition of real property and the terms and conditions of an economic development package.

#### RECONVENE OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION REGARDING ACQUISITION OF REAL PROPERTY AND THE TERMS AND CONDITIONS OF AN ECONOMIC DEVELOPMENT PACKAGE

The Board reconvened in open session. The Board discussed it's response to the March 10, 2008, Letter of Intent. Director Smyth moved that the Board: 1) reject the March 10, 2008, Letter of Intent; 2) authorize Mr. Allen to communicate to Mr. Green that the District's February 13, 2008, response to the January 28, 2008, Letter of Intent is a standing offer and that the Board is willing to continue to negotiate an agreement regarding the proposed development that addresses the following concerns of the Board and the community:

- 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;

and 3) authorize ABHR to draft a letter to the District's residents for Board review and approval, and for posting onto the website, to inform the residents of the Board's response to the March 10, 2008, Letter of Intent. Director Jones seconded the motion, which was approved by unanimous vote. The Board authorized posting of the March 10, 2008, Letter of Intent onto the District's website.

POSTING 2008 DIRECTOR INFORMATION ON WEB SITE

Mr. Pagan discussed the rules for posting election information onto the District's website. Following discussion, the Board authorized ABHR to work with Ms. Payne and Director Smyth to place information regarding the dates, times, and polling locations of the 2008 Directors Election onto the District's website, along with a link to the Champion Forest Fund, Inc. website for additional information. Discussion ensued regarding the posting of unofficial election results on Election Day.

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

[SIGNATURE PAGE FOLLOWS]

[SIGNATURE PAGE FOR THE MINUTES OF THE MARCH 14, 2008, BOARD MEETING]

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Secretary, Board of Directors

(SEAL)

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