

MINUTES
CYPRESS FOREST PUBLIC UTILITY DISTRICT

February 8, 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 8th day of February, 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: Lt. Finley, Harris County Constable Precinct 4; Greg DiCioccio, Debbie Donahue, Don Hand, Jr., R.R. Durrett, Jim Reed, residents; Don E. Hand of Greenwood Properties, Inc.; Vic Fowler of Kleinwood MUD; Salim Joubran and Vanessa Sinclair of Pepe Engineering, Ltd. ("Pepe Engineering"); Joe B. Allen and Greer Pagan of Allen Boone Humphries Robinson LLP ("ABHR"); and Justine M. Cherne, recording secretary.

RAVENEAUX DEVELOPMENT

Director Lynch opened the meeting for public comments on the Raveneaux development. Mr. Fowler addressed the Board and provided a brief history of Kleinwood MUD's actions related to the proposed development of a residential subdivision on a portion of the Raveneaux Country Club tract, Kera Village. He stated that, at the request of Kera Development and JP/Raveneaux Partners, Kleinwood MUD entered into an annexation agreement in October 2006 to provide water and wastewater services to the portion of the proposed development which is not located within Cypress Forest PUD. He stated that feasibility studies were conducted and Kleinwood MUD is prepared to provide all of the water and wastewater services to that portion of the proposed development per the agreement. He stated that Kleinwood MUD is open to discussions regarding a proposed modification of the utility service plan and sharing resources between the two districts, if benefits are provided to the taxpayers. He requested that the Board consider approving attendance at a meeting scheduled at 2:00 p.m. on Monday, February 11, 2008, to be attended by two board members from each district, with or without engineers, and the developer of Kera Village.

Mr. Hand next addressed the Board. He reported on his analysis of the proposed development. He reviewed a cost analysis of the proposed development and stated that the development will not be successful. He presented an alternate proposal for development. He stated that he presented the alternate proposal to Mark Jordan of JP/Raveneaux Partners, LP/Kera Development LP and Mr. Jordan did not agree with the proposal. Board members discussed the Board's options and lack of control over Kleinwood MUD's actions related to providing utilities to the proposed development. Discussion ensued regarding the District's easement and fee strip located within the Raveneaux property.

Mr. Joubran next made a presentation regarding utilities reimbursement for the proposed development. He reviewed three separate scenarios of providing utilities to: 1) the tract currently located within the District; 2) the tract currently located within the District and an additional annexed tract; and 3) the entire development. He reviewed estimated costs for water and wastewater utilities for the scenarios. The Board requested that Mr. Joubran verify the estimated cost to Kleinwood MUD for providing utilities. Mr. Joubran reviewed the portions of the proposed development which are located within the flood plain and flood way. He discussed options for flood plain mitigation, including fill options for the proposed development, and responded to questions from Board members and meeting attendees. Mr. DiCioccio reviewed Harris County Flood Control District requirements as related to the proposed development and responded to questions from Board members and meeting attendees.

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. Director Smyth moved to: 1) authorize ABHR to prepare a letter as discussed, which responds to the Letter of Intent outlining JP/Raveneaux Partners' proposal to Cypress Forest PUD relative to providing water and wastewater utilities for the proposed development of Kera Village, and authorize execution of the letter by Director Lynch after review and approval by the Directors. Director Petrick seconded the motion, which was approved by unanimous vote.

The Board authorized Director Smyth to notify Mr. Fowler that board members from the District will not attend the proposed meeting scheduled for February 11, 2008.

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

[SIGNATURE PAGE FOR THE MINUTES OF THE FEBRUARY 8, 2008, BOARD MEETING]

Secretary, Board of Directors

(SEAL)