

MINUTES
CYPRESS FOREST PUBLIC UTILITY DISTRICT

November 17, 2009

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 17th day of November, 2009, at the Cypress Forest Public Utility District 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:

Thomas J. Petrick	President
Linn Jensen Smyth	Vice President
Fred P. Jones	Secretary
Greg DiCioccio	Assistant Secretary
Michael J. Lynch, Jr.	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: Debbie Donahue, resident of the District; Mark Jordan, Michael Bloch, and Sarah Catherine Norris of JP/Raveneaux Partners, LP/Kera Development LP (the "Developers"); Brenda Pennington of Pennington Commercial Real Estate, Inc.; Tim Green of Coats Rose PC; Joe B. Allen and Greer Pagan of Allen Boone Humphries Robinson LLP ("ABHR").

Director Petrick called the meeting to order.

RAVENEAU TRACT DEVELOPMENT, WEST END TRAIL/18TH HOLE PROJECT,
AMENDMENT TO AGREEMENT

Mr. Green explained the reasons for the Developers' proposed Fourth Amendment to the Raveneaux Redevelopment Agreement between the District and the Developers (the "Fourth Amendment"). He stated that the situation is materially different than when the Redevelopment Agreement was originally executed with changes in the economy, the effects of Hurricane Ike on the club house, and the ongoing law suit with Kleinwood Municipal Utility District. He said that the proposed Fourth Amendment would allow the Developers to develop 10 acres along Cypresswood Drive between the current clubhouse and the Mormon Church property. He stated that the proposed Fourth Amendment includes creation of a 70-foot buffer across the front of the 10-acre tract to be crossed with two streets and maintained by the District, development of no more than 50 single-family units, delivery to the District of a \$15,000 annexation deposit and the trail easement with a resolved alignment within five days, delivery of lienholder releases to be held in escrow until the \$5.5 million is paid by the

District, escrow of the annexation documents, and movement forward to closing. Director Jones noted that the proposed Fourth Amendment has a closing date of March 1, 2010. Mr. Jordan stated that he could agree to a closing date of March 31, 2010.

Mr. Green stated that the proposed Fourth Amendment clarifies the provision in the Raveneaux Redevelopment Agreement regarding removal of dirt from the property to the commercial development tract. Mr. Jordan reviewed a proposed Exhibit "L" showing 144.43 acres of fee simple land and tried to explain the proposed movement of dirt per his approved Conditional Letter of Map Revision ("CLOMR"). He stated that the proposed Fourth Amendment does not propose any changes to the original plan for dirt movement. He stated that the proposed Fourth Amendment provides that the dirt will be removed from fee simple land instead of from lease property. Mr. Pagan requested a copy of the CLOMR. After review of the original Raveneaux Redevelopment Agreement, Mr. Pagan determined that the proposed Fourth Amendment includes approximately 62 acres of additional fee simple land for purchase by the District.

Discussion ensued regarding clarification of the setback of the proposed development from either the right-of-way or the curb. Director Smyth stated that the maps and drawings are not synchronized and due diligence needs to be performed to clarify them.

Mr. Bloch and Mr. Jordan described the proposed development on the proposed additional 10 acres fronting Cypresswood Drive in response to Mr. Allen's inquiries. Mr. Bloch stated that development would be high end, quality, first class, two-story, single-family units. Mr. Jordan stated that the structures would be a maximum size of 2,500 square feet and that the development is not site-planned yet. Mr. Bloch and Mr. Jordan said that they would review reasonable restrictions placed onto the development and determine whether they were acceptable. Mr. Jordan stated that restrictions based on a price per square foot would be acceptable.

Mr. Jordan responded to Director Smyth's questions regarding the increased amount of land the proposed development would use for the driving range and tennis courts by reviewing the planned revisions to the golf holes and stated that the CLMR would take one year to change if the plan was changed. Mr. Jordan and Mr. Bloch stated that the proposed development of the additional 10 acres does not change the current approved CLOMR or mitigation plan. Mr. Jordan stated that the cost to complete the CLOMR is \$1,100,000.

In response to Director Petrick's questions, Mr. Jordan stated that the District would be responsible for ongoing maintenance of the drainage channel and stated that he does not currently know the locations of the proposed two road access points off of Cypresswood Drive because a land plan has not been developed.

In response to Mr. Allen's question, Mr. Jordan stated that a new development plan has not been prepared and the development needs to be redesigned. Mr. Bloch stated that the market will dictate the type of development that is built.

Mr. Allen discussed potential issues with the proposed Fourth Amendment negatively affecting the appraisal value of the proposed property to be purchased by the District with the removal of 10 of the most valuable acres from the proposed purchase tract and requiring the District to submit an amended bond application with the Texas Commission on Environmental Quality (the "TCEQ").

In response to Mr. Allen's questions, Mr. Jordan stated that development on the site is expected to begin in one year and that the lienholders will release all liens on the property to be purchased by the District per his conversations with the lienholders.

Director Jones noted that the purchase price of the proposed land to be purchased under the proposed Fourth Amendment would need to be lower than the price in the current Raveneaux Redevelopment Agreement.

Mr. Jordan and Mr. Bloch stated that the alternatives to the proposed Fourth Amendment are to terminate the current agreement, make a better deal with Kleinwood M.U.D., or sell the property. They stated that the proposed Fourth Amendment is a sensible deal and project and requested the Board's support.

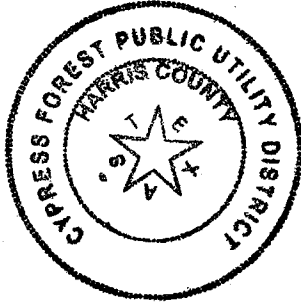
CONVENE IN EXECUTIVE SESSION, RECONVENE IN OPEN SESSION

The Board convened in executive session at 2:57 p.m. pursuant to Sections 551.072, 551.087, and 551.071 of the Texas Government Code to discuss and consider the acquisition of real property, the terms and conditions of an economic development package, and consultation with attorney about pending or contemplated litigation.

The Board reconvened in open session at 3:51 p.m. Following review and discussion regarding correspondence from Coats Rose LP requesting approval of a proposed Fourth Amendment to the Raveneaux Redevelopment Agreement with JP Raveneaux Partners LP and Kera Development LP, Director Jones moved to reject the proposed Fourth Amendment, authorize the Board President to work with ABHR to draft and to approve execution of the District's proposed Fourth Amendment to the Raveneaux Redevelopment Agreement as discussed, to include an extension of the date by which the District or the Developer may terminate the Raveneaux Redevelopment Agreement from November 30, 2009, per the Third Amendment to the Raveneaux Redevelopment Agreement, to December 31, 2009, and delivery to an escrow agent by December 15, 2009, all documents required to be signed and delivered by the Developer and its lender at the March 31, 2010, closing, including all required lien releases signed by the Developer's lender, all fully executed and where required, notarized. Director Lynch seconded the motion, which was approved by unanimous vote.

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

(SEAL)



Fred P. Jones
Secretary, Board of Directors

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