

**MINUTES OF MEETING  
KLEINWOOD MUNICIPAL UTILITY DISTRICT  
HARRIS COUNTY, TEXAS**

**February 7, 2008**

STATE OF TEXAS  
COUNTY OF HARRIS

The Board of Directors (the "Board") of The District Municipal Utility District (the "District") of Harris County, Texas, met in **special** session, open to the public, on **Thursday, February 7, 2008**, at 8:30 a.m. at the District Office, 16530 The District Drive, Spring, Texas, within the boundaries of the District, and the roll was called of the duly constituted officers and members of the Board, to-wit:

Joe Fratangelo	President
Stephen E. Williams	Vice President
Vic Fowler	Secretary/Treasurer
Robert Ehmann	Assistant Vice President & Assistant Secretary
Sherry Allard	Assistant Secretary

and all of said persons were present, thus constituting a quorum.

Also present were: Mark Jordan with J.P. Raveneaux Partners, L.P. ("JP"), developer of the Raveneaux Tract (hereinafter "Kera Development"); Tim Green, the Attorney for JP; Jon Unterreiner, P.E., and Jason Azuno, P.E., of Jones & Carter, Inc. ("Jones & Carter"), Engineer for the District; Roger Schuett, Office Manager; Linn Smyth and Fred Jones representing Cypress Forest Public Utility District; and Maria S. Parker and Dick Yale of Coats, Rose, Yale, Ryman & Lee, P.C. ("Coats|Rose"), Attorney for the District.

The President called the meeting to order in accordance with notice posted pursuant to law, and the following business was transacted.

**ANNEXATION OF RAVENEAUX TRACT/KERA VILLAGE**

The Board recognized Mr. Jordan, who briefed the Board on the current status of development of Kera Village. Mr. Jordan conformed that JP issued a Letter of Intent to Cypress-Forest Public Utility District ("Cy-Forest") on January 25, 2008, with regard to Kera Village. With regard to the District, the Letter of Intent provided for:

1. JP and Cy-Forest shall work with the District to reach an agreement as to how all of the approximately 500 connections in Kera Village will be served through the 12-inch water line and the sanitary sewer trunk line currently owned by Cy-Forest and located in Cypresswood Drive. The District will purchase from Cy-Forest sufficient capacity in such lines to serve that portion of Kera Village to be located within its boundaries. The purchase price for capacity in the lines will be the depreciated replacement cost. That portion of Kera Village located in Cy-Forest will be served by Cy-Forest through such lines.

2. JP will dedicate to Cy-Forest an 8-foot wide walking trail easement ("Easement") along Cypresswood Drive within JP's property. Cy-Forest shall be responsible for the construction of all improvements within the Easement and the ongoing maintenance of all improvements.

3. In conjunction with the recording of the plat of Kera Village, Cy-Forest shall execute all documents necessary to waive any claim to the current access road and temporary access easement located in Kera Village. Access to the Cy-Forest Water Plant shall be provided through the public streets within Kera Village. Further, Cy-Forest will execute whatever documents are reasonably requested to evidence its consent to the construction of a bridge or roads crossing its existing water line and drainage easement within Kera Village.

4. JP will use its good faith efforts to try to get the District to allow a portion of Kera Village to be annexed into the boundaries of Cy-Forest so that the boundary lines between the two districts is not through the middle of lots, but is located along some logical and manageable line.

5. All agreements, including those with the District, will be finalized and signed no later than March 10, 2008.

Director Allard expressed concern that JP issued the Letter of Intent without collaboration from the District and that JP is negotiating a contract inclusive of the District without District consent. Director Allard stated that this is unacceptable to her. She also stated that Mr. Jordan was asked on numerous occasions to keep the District apprised of the activities relative to Kera Village, but that he has failed to do so.

Director Fowler then asked for clarification from Mr. Jordan regarding Kera's proposed use of a non-exclusive drainage easement. Mr. Jordan confirmed that the easement could be used for other purposes so long as it does not interfere with the operation of the drainage easement. Director Fowler stated that he is not certain that the District's purchase of capacity in the Cy-Forest sanitary sewer line at a depreciated value is reasonable and that a "fair value" may be more reasonable. Director Fowler noted that the sanitary sewer line is in excess of 30 years and will require more maintenance and repair than a new line.

Director Fowler suggested, and the Board concurred, that the Kera Committee comprised of Directors Fowler and Williams should meet with the Cy-Forest Kera Committee to discuss Cy-Forest providing water and sewer service to the entire Kera Village and the terms and conditions relative thereto. The Committee agreed to meet on Monday, February 11, 2008, at 2:00 p.m. at the Raveneaux Country Club.

The Board asked members of Cy-Forest present at the meeting to bring the scheduled committee meeting before the Cy-Forest Board of Directors at its meeting scheduled for Friday, February 8, 2008.

The Board concurred that the Kera Committee is comprised of Directors Fowler and Williams with Director Ehmann serving as First Alternate and Director Allard serving as Second Alternate.

#### **REQUESTS FOR PROPOSALS ("RFP") FOR DISTRICT OPERATIONS**

The Board then discussed issuing a RFP for operating the District facilities; and providing the RFP to various operating companies. The Board agreed that:

1. The Attorney and Engineer should streamline and finalize the RFP.
2. The RFP should be sent to Southwest Water Company, Environmental Development Partners, Eagle Water Management and Severn Trent.
3. The RFPs are to be submitted on or before February 28, 2008.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, the meeting was adjourned.

Approved this 28 February 2008.

Robert Elman  
Asst. Secretary, Board of Directors

(SEAL)

