

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

**June 19, 2008**

STATE OF TEXAS  
COUNTY OF HARRIS

The Board of Directors (the "Board") of Kleinwood Municipal Utility District (the "District") of Harris County, Texas, met in **special** session, open to the public, on **Thursday, June 19, 2008**, at 10:30 a.m. at the District Office, 16530 Kleinwood 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:

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

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

Also present were: Floyd Mechler and Marshall Schoth with AquaSurance, L.L.C.; Jon Unterreiner, P.E.; Jon Unterreiner, of Jones & Carter, Inc. ("Jones & Carter"), Engineer for the District; Bill Blitch of SAMCO Capital Markets, the District's Financial Advisor; Roger Schuett, Office Manager; Peter Palacios and Mark Jordan, present by conference call, representing JP/Raveneaux Partners, LP, and Kera Development, L.P. ("JP/Raveneaux"); and Dick Yale and Maria Salinas Parker 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.

**HEAR FROM PUBLIC**

The Board noted that there were no members of the public who wished to address the Board and this time.

**ELECTRICAL SYSTEM LOSS CONTROL SURVEY**

The Board recognized Mr. Mechler, who presented to the Board information from the TEGG Corporation ("TEGG") as to performing an electrical survey on the electrical system of the District's water wells and plants. Mr. Mechler stated that TEGG will survey the electrical systems and provide written a report containing recommendations with estimated cost. Mr. Mechler added that if the survey can be completed in a single day the cost to the District will be \$850.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize TEGG to perform the electrical survey.

**CLOSED SESSION**

Upon motion by Director Ehmann, seconded by Director Allard, the Board voted unanimously to convene in closed session at 11:00 a.m. to discuss real estate transactions.

**OPEN SESSION**

Upon motion by Director Ehmann, seconded by Director Allard, the Board voted unanimously to reconvene in open session at 11:15 a.m.

**ACQUISITION OF EASEMENTS ON STUEBNER AIRLINE ROAD**

Consideration was then given to amending the Development, Financing and Annexation Agreement with Chayn Mousa (the "Mousa Agreement") pursuant to the changes discussed in closed session.

Upon motion duly made and seconded, the Board voted unanimously to authorize the Attorney to revise the Mousa Agreement pursuant to the changes discussed in closed session.

**DEVELOPMENT, FINANCING AND ANNEXATION AGREEMENT WITH JP/RAVENEUX PARTNERS, L.P. ("JP/Raveneau") AND KERA DEVELOPMENT, L.P. ("Kera")**

The Board then discussed the status of annexing into the District the tract of land (the "Raveneaux Tract") owned by JP/Raveneaux and Kera. Mr. Mark Jordan was available by conference call and advised the Board that it is the intent of JP/Raveneaux and Kera to proceed with the annexation of the Raveneaux Tract as provided for by the Agreement. When asked about JP/Raveneaux and Kera's response to the offer from Cypress-Forest Public Utility District, Mr. Jordan stated that JP/Raveneaux and Kera have rejected the offer to annex the entire Raveneaux Tract into Cypress-Forest Public Utility District.

**REPORT ON ACTION BY CYPRESS-FOREST PUBLIC UTILITY DISTRICT**

The Board took no action on this item.

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

Approved this July 24, 2008

Robert Ehmann  
Secretary, Board of Directors

