

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

**September 11, 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, September 11, 2008**, at 8:30 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: Bill Blich of SAMCO Capital Markets, Financial Advisor for the District; Fred Stumpf and Clayton Cannon of Stumpf Farrimond, P.C. ("Stumpf"); Roger Schuett, Office Manager; 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.

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

The Board briefly discussed the status of annexing into the District the tract of land (the "Raveneaux Tract") owned by JP/Raveneaux and Kera.

**KLEINWOOD JOINT POWER BOARD ("KJPB")**

With regard to the Waste Discharge Permit for the Kleinwood Regional Wastewater Treatment Plant, there will now be tests for fecal coliform five times each week. This new test will cost approximately \$1,000 per week.

**CONSIDER SETTING TAX RATE FOR 2008**

Consideration was given to a proposed tax rate for 2008. Mr. Blich submitted to and reviewed with the Board a 2008 Tax Rate Study, a copy of which is attached hereto as an exhibit to these minutes. He noted that the certified value of taxable property in the District for the 2008 tax year (including the owner's value of the uncertified value) totals \$258,714,004.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to call a public hearing on October 2, 2008, on the proposed 2008 tax rate, to authorize the Tax Assessor and Collector to publish notice of the public hearing and the proposed tax rate of \$0.63 per \$100 of assessed valuation (showing a debt service rate of \$0.4422 per \$100 valuation and a maintenance tax rate of \$0.1878 per \$100 valuation).

**CONTRACT FOR ELECTRIC SERVICE**

Next, the Board discussed matters relating to the renewal of the District's contract for electric service (the "Electric Contract"). Director Fowler reported that on September 5, 2008, he and Director Allard (as previously authorized by the Board) accepted on behalf of the District a pricing offer of \$0.0950 per kilowatt hour (plus the Transmission and Distribution Service Provider Charge) from Hudson Energy ("Hudson") for an Electric Contract with a 59-month term. Attached hereto as a copy of these minutes is a copy of the Offer Sheet and Retail Energy Service Agreement between the District and Hudson.

**DISTRICT OFFICE AS A COMMAND CENTER**

The President recognized Mr. Schuett, who addressed the Board as to using the District Office as a command center in emergency situations (the "Command Center").

After discussion, upon a motion duly made and seconded, the Board voted unanimously to allow the use of the District office as a Command Center for certain recognized organizations (the "Recognized Organizations"). Prior to any Recognized Organization using the District Office as a Command Center, Mr. Schuett is to obtain authorization from the President of the Board, and if the President is not available, then any available officer.

**CLOSED SESSION**

Upon a motion duly made and seconded, the Board voted unanimously to convene in closed session at 9:15 a.m. to discuss contemplated litigation.

**OPEN SESSION**

Upon a motion duly made and seconded, the Board voted unanimously to reconvene in open session at 11:45 a.m.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to engage Stumpf as discussed in executive session.

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

Approved this 20 ~~September~~ November 2008.

Robert Ehrmann

Secretary, Board of Directors

