

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

June 15, 2009

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 **Monday, June 15, 2009**, 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: Jon Unterreiner, P.E., and Mike Christopher, E.I.T., of Jones & Carter, Inc. ("Jones & Carter"), Engineer for the District; Mike Ammel of Environmental Development Partners, L.L.C. ("EDP"), Operator for the District; Roger Schuett, Office Manager; John Lightfoot with John Lightfoot Investments, L.P. ("Lightfoot"), developer of Land in the District; Maria Parker, Dick Yale, and David F. Green of Coats, Rose, Yale, Ryman & Lee, P.C. ("Coats|Rose"), Attorney for the District; and members of the public listed on the attached Attendance Sheet.

CLOSED SESSION

Upon motion duly made and seconded, the Board voted unanimously to convene in closed session at 8:31 a.m., to discuss proposed real estate transactions.

OPEN SESSION

Upon motion duly made and seconded, the Board voted unanimously to re-convene in open session at 9:34 a.m.

Then, after discussion, upon a motion duly made and seconded, the Board voted 4 to 1, with Directors Williams, Fowler, Ehmann, and Allard in favor, and Director Fratangelo opposed, to proceed with the real estate transactions as discussed in closed session.

AMEND RATE ORDER

Consideration was then given to amending the Rate Order with respect to the rate charged to commercial buildings in the District, including clubs and schools. The Board discussed making the following changes to the Rate Order:

1. Changing the rate for water service to commercial buildings as follows:

\$30.00 (flat fee) for usage up to 15,000 gallons of water.
\$1.75 per 1,000 gallons up to 100,000 gallons of water.
\$2.00 per 1,000 gallons up to 200,000 gallons of water.
\$2.50 per 1,000 gallons up to 300,000 gallons of water.
Thereafter, \$3.00 per 1,000 gallons of water.

Consideration was then given to amending the Rate Order with respect to the monthly charge billed to the District's customers (the "NHCRWA Charge") in connection with the monthly fee paid by the District to the North Harris County Regional Water Authority (the "NHCRWA") based on the total amount of ground water pumped at the District's water wells and/or the total amount of surface water delivered to the District by the NHCRWA.

The Board discussed making the following changes to the Rate Order:

2. Changing the provision regarding the NHCRWA Charge as follows:

"Pursuant to the Groundwater Reduction Plan adopted by the North Harris County Regional Water Authority ("NHCRWA"), the District is required to pay a monthly fee to the NHCRWA based on the total amount of ground water pumped at the District's water wells and/or the total amount of surface water delivered to the District by the NHCRWA (the "NHCRWA Water Fee").

To cover the NHCRWA Water Fee assessed to the District, the District hereby imposes a monthly charge (the "NHCRWA Charge") equivalent to the NHCRWA's then current groundwater assessment rate per 1,000 gallons of metered water usage, plus an additional 6%. The Operator shall list the NHCRWA Charge on the Customer's bill as a separate line item and shall collect the NHCRWA Charge in addition to other charges. Failure by a Customer to pay the NHCRWA Fee shall result in the termination of water and sewer service in accordance with the provisions of this Rate Order.

At the end of each month, the Operator shall prepare a written statement indicating the total pumpage at each of the District's water wells and/or the surface water delivered to the District by the NHCRWA for the month, and the amount due to the NHCRWA. The Operator shall deliver the written statement to the District's Bookkeeper for payment."

After discussion, upon a motion duly made and seconded, the Board voted unanimously to amend the Rate Order as described above, to be effective as of June 15, 2009. A copy of the District's Rate Order is on file in the permanent records of the District.

SURFACE WATER CONVERSION

Mr. Unterreiner discussed with the Board matters relating to the future purchase by the District of surface water from the NHCRWA. He brought to the Board's attention the need to provide advance notice regarding the conversion to surface water to (a) the District's customers; and (b) water districts with which the District shares an emergency water interconnection.

ROADWAY REPAIRS

The Board briefly discussed recent repairs to roadways, including the storm sewer inlets, in the District as performed by Harris County Precinct 4 ("Precinct 4"). Director Fratangelo expressed his view

that the District should transmit a letter to Precinct 4 Commissioner Jerry Eversole, expressing the Board's gratitude for the roadway repairs made to Squyres Road and Fox Crossing.

After discussion, the Board directed the District's Attorney to prepare a letter to Commissioner Eversole as described above.

HEAR FROM THE PUBLIC

The President recognized Bernie Bryl, who addressed the Board regarding proposals being considered by the Board for the maintenance of the detention ponds (the "Detention Ponds") serving The Falls at Champion Forest, Champion Forest Estates, and Champion Woods Estates subdivisions (collectively, "The Falls"). Mr. Bryl also expressed to the Board his concerns regarding public participation at Board meetings.

Director Williams noted that Mr. Bryl has always been allowed to address the Board during the period for public comment.

In response to a question from Mr. Bryl, Ms. Parker stated that the maintenance cost for the walking trail/detention pond located in the Kleinwood Subdivision has been paid through the District's Operating revenue and not from bond proceeds.

Mr. Cicconi addressed the Board regarding the maintenance of the Detention Ponds.

Mr. Lightfoot addressed the Board regarding the maintenance of the Detention Ponds.

Director Fowler proposed that the District make available to the District's residents information regarding the function of the Detention Ponds and the legal requirements for maintaining the storm water quality features of same.

After discussion, the Board directed the District's Attorney to prepare the information regarding the Detention Ponds as described above for posting on the District's web site (the "Web Site").

After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the District's Operator to place the internet address for the Web Site on the bills sent to the District's customers.

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

Approved this 23 July 2009.

Robert E. Mann
Secretary, Board of Directors

