

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

September 18, 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 **Friday, September 18, 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 with the exception of Director Allard, thus constituting a quorum.

Also present were: Sara Ahlschlager of Wheeler & Associates ("Wheeler"), Tax Assessor/Collector for the District; Bill Blich with Samco Capital Markets, Financial Advisor for the District; Jon Unterreiner, P.E., of Jones & Carter, Inc. ("Jones & Carter"), Engineer for the District; David Merritt of David L. Merritt, P.C., Auditor for the District; Roger Schuett, Office Manager; Maria Parker, Dick Yale, and David F. Green of Coats, Rose, Yale, Ryman & Lee, P.C. ("Coats|Rose"), Attorney for the District; and Fred Stumpf of Stumpf Farrimond, P.C., special counsel to the District.

ENGAGE AUDITOR FOR FISCAL YEAR ENDING AUGUST 31, 2009

The President recognized Mr. Merritt, who presented the Board with an engagement letter from David L. Merritt, P.C. for the audit of the District for the fiscal year ending August 31, 2009. Mr. Merritt noted that the projected cost of such audit was approximately \$9,300 to \$9,700.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to engage David L. Merritt, P.C. to prepare the District's audit for the fiscal year ending August 31, 2009.

CONSIDER SETTING TAX RATE FOR 2009

Consideration was given to a proposed tax rate for 2009. Mr. Blich submitted to and reviewed with the Board a 2009 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 2009 tax year (including the owner's value of the uncertified value) totals \$263,606,624.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to (i) propose a tax rate of \$0.63 per \$100 of assessed valuation; (ii) call a public hearing on October 22, 2009, on the proposed 2009 tax rate; and (iii) 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).

NOMINATE CANDIDATE FOR HARRIS COUNTY APPRAISAL DISTRICT BOARD OF TRUSTEES

Ms. Parker then inquired if the Directors desired to nominate a candidate for election to the Harris County Appraisal District ("HCAD") board of trustees. The Board declined to take any action in regard to this matter. A copy of a letter dated August 3, 2009 from HCAD explaining the nomination and election process is attached hereto as an exhibit.

REQUEST FOR REIMBURSEMENT/FLAGSHIP PROPERTIES ("Flagship")

Ms. Parker reported on the status of District & Urban's Flagship's request for reimbursement of its eligible development costs related to the 0.90-acre and 1.12-acre tracts on Louetta Road.

MAINTENANCE OF DETENTION PONDS

The Directors discussed matters relating to the maintenance of the Detention Ponds serving The Falls at Champion Forest, Champion Falls Estates, and Champion Woods Estates subdivisions. Director Fratangelo commented on the list of Frequently Asked Questions (the "FAQ List") pertaining to the Detention Ponds that was posted on the District's web site. He presented to the Board an anonymous flyer that was distributed to residents in the Kleinwood and Champion Oaks subdivisions in response to an article in the July 2009 edition of *The Kleinwood Krier* newsletter regarding the maintenance of the Detention Ponds. A copy of the flyer is attached hereto as an exhibit to these minutes.

CLOSED SESSION

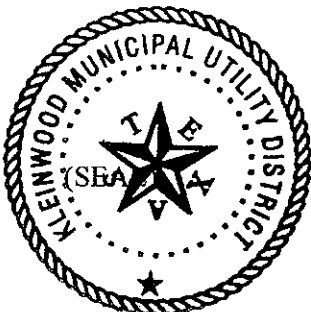
Upon motion duly made and seconded, the Board voted unanimously to convene in closed session at 9:30 a.m., to discuss litigation.

OPEN SESSION

Upon motion duly made and seconded, the Board voted unanimously to re-convene in open session at 10:45 a.m.

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

Approved this 22 October 2009.



Robert Ehrmann
Secretary, Board of Directors