

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

26 August 2010

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 regular session, open to the public, on 26 August 2010 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:

Robert Ehmann	President
Sherry Allard	Vice President
Joe Fratangelo	Secretary/Treasurer
Bernie Bryl	Assistant Vice President & Assistant Secretary
Mike Morgan	Assistant Secretary & Investment Officer

and all of said persons were present with the exception of Director Morgan, thus constituting a quorum.

Also present were: Sara Ahischlager of Barbara Wheeler & Associates ("Wheeler"), Tax Assessor/Collector for the District; Jon Unterreiner, P.E., and Mike Christopher, E.I.T., of Jones & Carter, Inc. ("J&C"), Engineer for the District; Andy Phelps of Environmental Development Partners, L.L.C. ("EDP"), Operator for the District; Roger Schuett, Office Manager for the District; John Lightfoot with John Lightfoot Investments, L.P. ("Lightfoot"), developer of land in the District; Phil Halbert representing Champions Hydro-Lawn, Inc. ("Champions"); Deputy Constable Buddy Gheen, Jr., with Harris County Precinct 4 Constable's Office (the "Constable's Office"); Dick Yale, Marcia Oliver and David F. Green of Coats, Rose, Yale, Ryman & Lee, P.C. ("Coats Rose"), Attorney for the District; and the following residents of the District: Ray Cicconi, Vic Moravek, and David Guerrero.

Director Ehmann called the meeting to order.

DEVELOPMENT REPORT

Mr. Lightfoot reviewed with the Board the Development Report as prepared by Lightfoot, regarding the status of development in The Falls at Champion Forest and Champion Falls Estates (herein collectively the "Falls"), and Champion Woods Estates. A copy of the Development report is attached hereto.

PEACE OFFICER'S REPORT

The President recognized Deputy Gheen, who presented the Peace Officer's Report, a copy of which is attached hereto. A discussion ensued regarding security-related issues, including the possibility of adding a third contract officer under the Interlocal Agreement for Law

Enforcement Services between the District and Harris County. Director Ehmann expressed his view that the Board should defer discussion of this matter until a request for a third deputy is presented to the Board by the homeowner associations in the District. The Board concurred.

MINUTES OF THE MEETING OF 22 JULY 2010

The minutes of the meeting of the Board held on 22 July 2010, previously distributed to the Board, were presented for consideration and approval.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of the meeting of 22 July 2010 as written.

MINUTES OF THE MEETING OF 12 AUGUST 2010

The minutes of the meeting of the Board held on 12 August 2010, previously distributed to the Board, were presented for consideration and approval. Ms. Oliver stated that the District's Attorney would amend page 3 of the minutes of 12 August 2010 to include a reference to the executive session that was convened by the Board.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of the meeting of 12 August 2010, as amended.

TAX ASSESSOR/COLLECTOR'S REPORT

The President recognized Ms. Ahlschlager, who submitted to and reviewed with the Board the Tax Assessor/Collector's Report. A copy of the Tax Assessor/Collector's Report is attached hereto. It was noted that the District has collected 98.63% of its 2009 taxes. The Directors also reviewed and discussed the Delinquent Collections Listing, a copy of which is attached hereto. Ms. Ahlschlager noted that Wheeler was requesting approval for five checks written on the District's tax account, said checks including the transfer of \$488.88 in revenues from the tax for maintenance and operations to the District's Operating Fund.

Then, after discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the Tax Assessor/Collector's Report and to authorize payment of the checks listed therein.

DELINQUENT TAX REPORT

Ms. Ahlschlager then submitted for the Board's review the Delinquent Tax Report as prepared by Perdue, Brandon, Fielder, Collins & Mott, L.L.P., the District's Delinquent Tax Attorney. A copy of the Delinquent Tax Report is attached hereto.

DETENTION AND DRAINAGE FACILITIES REPORT

The President recognized Mr. Halbert, who submitted to and reviewed with the Board the Detention and Drainage Facilities Report (the "Facilities Report") prepared by Champions in connection with the maintenance of the Champion Woods Estates Detention Pond. A copy of the Facilities Report is attached hereto as an exhibit to these minutes. After discussion, upon a motion duly made and seconded, the Board voted unanimously to accept the Facilities Report.

DEVELOPMENT REPORTS/REQUESTS FOR SERVICE

The President recognized Mr. Unterreiner, who reported on the status of various developments in the District as follows:

1. **Zaxby's Chicken Dinner Restaurant**. Mr. Unterreiner reported that the engineer for Chicken Dinner Properties, LLC (called "CDP") had informed J&C that CDP has been unsuccessful in its attempts to have its contractor rectify the volume of the detention pond that serves the tract (the "Zaxby's Pond"). He added that CDP had proposed that the District keep the \$5,000 plat deposit paid by CDP and perform the necessary repairs to the Zaxby's Pond. Mr. Unterreiner stated that he informed CDP that the District does not have the jurisdiction nor the desire to perform the repairs on the Zaxby's Pond.

2. **Klein Independent School District ("KISD")**. Mr. Unterreiner reported that J&C had provided to the engineer for KISD a conceptual exhibit denoting the placement of a possible District water line to serve KISD property in connection with the new construction being performed by KISD. He added that J&C and KISD's engineer are in agreement that the water line to serve the KISD property should be looped. Mr. Unterreiner stated that KISD's engineer will look into designing the looped water line and obtaining agency approval and easements for same.

3. **Mintwood & Chagall Office Building / G2169 Properties, L.L.C. ("G2169")**. Mr. Unterreiner reported that J&C had provided G2169 with a drainage capacity letter confirming that there is available storm sewer and detention capacity to serve G2169's tract and the adjacent tract owned by Lightfoot. He added that G2169 is seeking approval of its plans from Harris County.

4. **Whataburger Restaurants, LP ("Whataburger")**. Mr. Unterreiner reported that J&C had received an application for service, a \$2,500 deposit, and a request for a utility commitment from Whataburger in connection the proposed development of a Whataburger restaurant on a 1.145-acre tract (the "Whataburger Tract") in Restricted Reserve A, Kleinwood Shopping Center, Section 2. Attached hereto as an exhibit to these minutes is a copy of a letter dated 16 August 2010 from Brian Rabe, E.I.T., of Kimley-Horn and Associates, Inc., the engineer for Whataburger. Mr. Unterreiner remarked that Whataburger is requesting sanitary sewer capacity in the amount of 2,650 gallons per day ("gpd") and water supply capacity in the amount of 3,550 gpd to serve the Whataburger Tract.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize (1) the District's Attorney to prepare a Utility Commitment Agreement for the Whataburger Tract; and (2) authorize the President to execute same.

5. **Randy Reeves / State Farm Insurance**. Mr. Unterreiner recalled that Mr. Reeves had contacted J&C in June 2010 to inquire about obtaining water and sanitary sewer service for his tract. Mr. Reeves was informed that he would need to submit a recorded plat for the tract.

6. **Stuebner Airline Veterinary Clinic (the "Clinic")**. Mr. Unterreiner reported that the partners of the Clinic propose to construct their facility on the Charles O'Pry tract on Stuebner Airline Road.

ENGINEER'S REPORT

The President recognized Mr. Unterreiner, who presented the Engineer's Report as follows:

1. **Stuebner Airline Utilities.** Mr. Unterreiner reported that the City of Houston (the "City") had informed J&C that an unused 20-foot sanitary sewer and storm sewer easement (the "Unused Easement") that overlaps the water line easement for the Stuebner Airline tracts would have to be abandoned before the City would approve the plans for the Stuebner Airline utilities. He noted that this comment was not given to the District's Engineer in 2009 when J&C met with the City for the preliminary review of the plans. Mr. Unterreiner stated that J&C is working with the District's Attorney to resolve this matter. Mr. Yale reported that Coats Rose is requesting detailed title information on the Unused Easement. He stated that the District could try to obtain an abandonment from the current owners of the Unused Easement, or could seek abandonment of the Unused Easement through condemnation proceedings. Mr. Yale added that there is a procedure for abandoning the Unused Easement if the District can prove that it is outdated.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the District's Engineer to advertise for bids for the Stuebner Airline utilities, pending resolution of the Unused Easement abandonment.

Mr. Unterreiner then informed the Board that Bernhardt E. Frank had requested that certain trees fronting his tract on Stuebner Airline be preserved during the construction of the Stuebner Airline utilities. He stated that he would meet with Mr. Frank to tag the trees to be preserved.

2. **Chloramine Conversion at Water Plants.** Mr. Unterreiner reported on the status of the chloramine conversion at Water Plants Nos. 1 and 2 (the "Conversion Project") by Long & Son, Inc. (called "Long"). He informed the Board that Long had addressed all of the punch list items for the Conversion Project. Mr. Unterreiner stated that the final inspection of the Conversion Project had been scheduled for 3 September 2010.

3. **North Harris County Regional Water Authority ("NHCRWA") Coordination.** Mr. Unterreiner reported that the District began receiving surface water from the NHCRWA on 27 July 2010.

4. **NHCRWA Chloramination Credits.** Mr. Unterreiner reported that J&C will submit the requisite documentation relating to the cost of the Conversion Project to the NHCRWA with the District's application for the Chloramination Credit. This documentation will be submitted once the final pay estimate for the Conversion Project has been issued, he told the Board.

5. **Smoke Testing and Televised Inspection of Sanitary Sewer Lines.** Mr. Unterreiner reported that J&C had reviewed the public sector items that were identified in the smoke testing report and forwarded this information to the District's Operator for their assessment and determination of repairs deemed necessary.

6. **Surplus Funds.** Mr. Unterreiner said that J&C had submitted the Surplus Funds Application to the Texas Commission on Environmental Quality (the "TCEQ") on 24 August 2010. He reviewed with the Board a revised Surplus Funds Analysis as prepared by J&C, a copy of which is included with the Engineer's Report.

7. **Auxiliary Generators**. Mr. Unterreiner discussed with the Board matters relating to: (1) the installation of a diesel auxiliary generator at Water Plant No. 2; and (2) the installation of a natural gas auxiliary generator at the Champions Woods Estates Lift Station (collectively, the "Generators"). Mr. Unterreiner reported that J&C is preparing the plans and specifications for the Generators. He then reviewed with the Board a revised Project Development Schedule for the Generators that reflects a completion date of 30 April 2011. A copy of the Project Development Schedule is included with the Engineer's Report. Mr. Unterreiner noted that the District's Engineer plans to advertise for bids on the Generators in October 2010.

8. **CVS Lift Station Quick Connect (the "Quick Connect")**. Mr. Unterreiner reported on the status of the installation of a Quick Connect on the CVS Lift Station by NTS Pumps, Motors & Controls ("NTS"). NTS is currently waiting on the delivery of certain components before proceeding with the installation.

9. **Groundwater Credits / Harris-Galveston Subsidence District ("HGSD")**. Mr. Unterreiner reported that J&C is working with the District's Attorney to determine if there is a market for the District's accumulated groundwater credits. Ms. Oliver reviewed with the Board a memorandum dated 21 May 2010 from Coats Rose regarding the 12 May 2010 meeting of the board of directors (the "WHCRWA Board") of the West Harris County Regional Water Authority (the "WHCRWA"). She pointed out to the Board that the WHCRWA Board had voted to sell the WHCRWA's Series "A" groundwater credits at a cost of \$3.75 per 1,000 gallons ("kgal") and its Series "B" groundwater credits at a cost of \$3.00 per kgal. A copy of the memorandum is attached hereto as an exhibit to these minutes.

10. **Strategic Partnership Agreement ("SPA")**. Mr. Unterreiner reported on matters relating to the proposed SPA for limited purpose annexation of commercial property in the District (the "Annexation"). J&C is assisting the District's Attorney in identifying existing and potential commercial properties in the District that could be included in the Annexation. This matter was discussed again later in the meeting during the presentation of the Attorney's Report.

11. **Mill Creek Apartments Private Lift Station**. Mr. Unterreiner reported that J&C is assisting the District's Operator and Attorney with respect to solving problems relating to the repair of the privately owned sanitary sewer lift station (the "Lift Station") serving the Mill Creek Apartments in the District (the "Apartments"). This matter was discussed again later in the meeting during the presentation of the Attorney's Report.

ATTORNEY'S REPORT

The President recognized Ms. Oliver, who presented the Attorney's Report. She submitted to and reviewed with the Board a memorandum from the District's Attorney regarding the status of certain ongoing matters for the District. A copy of the memorandum is attached hereto as an exhibit to these minutes.

STUEBNER AIRLINE UTILITIES

Ms. Oliver reported that the District's Attorney had acquired the last of the utility easements along Cypresswood Drive (the "Easements") in order for the District to provide service to the tracts on Stuebner Airline. Attached hereto as an exhibit is a copy of a table prepared by the District's Attorney regarding the status of the acquisition of the Easements. She

added that, as previously discussed, the District's Attorney will assist the District's Engineer to obtain an abandonment of the Unused Easement as required by the City.

MILL CREEK APARTMENTS / PAYMENT IN LIEU OF AD VALOREM TAXES ("PILOT")

Next, the Board discussed the status of the PILOT payments due to the District from the Apartments. Ms. Oliver provided the Board with copies of a letter (the "PILOT Letter") dated 27 August 2010 from the District's Attorney to the management of the Apartments and to American Opportunity for Housing, Inc., explaining the change in the billing for the PILOT payments as discussed at the Board's meeting on 22 July 2010. A copy of the PILOT Letter is attached hereto as an exhibit to these minutes.

AMEND RATE ORDER

Consideration was then given to amending the Rate Order with respect to the monthly assessment to be charged by the District to tax-exempt multi-family property. The Board discussed making the following change to Section 3.08 of the Rate Order in order to clarify the method for calculating the assessment:

"Section 3.08 Tax-Exempt Multi-Family Property.

If a multi-family property is tax exempt pursuant to Section 11.182 of the Texas Property Tax Code and there is no agreement for a payment in lieu of taxes, a monthly assessment shall be added on the multi-family Customer's bill as a separate line item in accordance with the formula set forth below for the work and facilities that are necessary to provide services to the multi-family property.

Market value of multi-family property, including land and improvements, as determined by the records of the appraisal district as if the property was not tax exempt	x	an amount equal to the District's tax rate per \$100 assessed valuation	+12
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The assessment shall be imposed on the multi-family Customer as of the date service is provided to the multi-family Customer and the Customer shall be invoiced accordingly. Customer shall be invoiced for the assessment at the same time the District sends out its monthly water and sewer bills and payment shall be due at the same time water and sewer bills are due. The Operator shall collect the assessment in addition to other charges. Failure to pay the assessment shall result in the termination of water and sewer service to the multi-family building in accordance with Article IV hereof."

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 August 26, 2010. A copy of the District's Rate Order is on file in the permanent records of the District.

Then, after discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the District's Attorney to release the PILOT Letter.

HOUSTON PARKS BOARD

Ms. Oliver submitted to and reviewed with the Board a letter dated 1 July 2010 from the Houston Parks Board (the "Parks Board"), requesting that the District complete and submit to the Parks Board a survey form regarding any parkland or trails located within the District's

boundaries, with said information to be used in connection with the inventory being prepared by the Parks Board of all park and trail facilities located in the extraterritorial jurisdiction of the City. A copy of the letter is attached hereto as an exhibit to these minutes. The Board declined to take any action in connection with this matter.

RESOLUTION ESTABLISHING POLICY AUTHORIZING CERTAIN ACTIONS BY MEMBERS OF THE BOARD OF DIRECTORS

Next, Ms. Oliver submitted for the Board's review and approval a Resolution Establishing Policy Authorizing Certain Actions by Members of the Board of Directors. She explained that the Resolution would supersede the Resolution adopted by the Board on 22 April 2010. Ms. Oliver stated that the Resolution had been revised to: (1) include ongoing repair and maintenance projects, in addition to ongoing construction projects; and (2) relate to actions affecting projects that have been discussed and/or formally approved by the Board, rather than ongoing projects.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to adopt the Resolution. A copy of the Resolution is attached hereto and shall be considered to be part of these minutes.

APPLICATION FOR RELEASE OF ESCROWED BOND FUNDS

Consideration was then given to an application to the TCEQ for the release of (1) \$447,681 in funds placed in escrow from the proceeds from the sale of the District's Series 2006 Bonds, relating to the cost to construct the Stuebner Airline utilities; and (2) \$41,400 in funds placed in escrow from the proceeds from the sale of the District's Series 2006 Bonds, relating to cost to acquire water line and sanitary sewer line easements for the Stuebner Airline utilities. Ms. Oliver submitted to and reviewed with the Board a RESOLUTION AUTHORIZING APPLICATION FOR TEXAS COMMISSION ON ENVIRONMENTAL QUALITY APPROVAL OF RELEASE OF ESCROWED FUNDS.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to (1) adopt the Resolution; and (2) authorize the District's Engineer to submit the Application to the Commission. A copy of the Resolution is attached hereto as an exhibit to these minutes.

MAINTENANCE OF DETENTION PONDS / THE FALLS AT CHAMPION FOREST

Next, the Board discussed matters relating to the maintenance of the detention ponds serving The Falls. Ms. Oliver presented the Board with copies of a letter from Coats Rose to The Falls at Champion Forest Property Owners Association (the "Falls Association"), notifying the Falls Association of the Board's decision to withdraw the District's offer to the Falls Association for the proposed Detention Pond Agreement between the District and the Falls Association. A copy of the letter is attached hereto as an exhibit to these minutes.

OPERATOR'S REPORT

The President recognized Mr. Phelps, who submitted to and reviewed with the Board the Operator's Report as follows:

1. **Water Plant Operations.** Mr. Phelps reported that the billed to pumped ratio for the prior month was 98.1% and that the District has 817 service connections, including 10 vacant single-family residences.

2. **Utility Operator's Report.** Mr. Phelps reviewed with the Board the utility billing summary, accountability report, subsidence district report, NHCRWA fee report and the 30-day delinquent list, as shown in the Operator's Report attached hereto.

A. **Substantial System Repairs.**

Theiss Mail Rt. & Champion Pines	Main leak	\$ 3,069.92
Louetta & Theiss Mail Rt.	Expose valves	1,180.00
16816 Theiss Mail Rt.	Locate valve	1,084.00
7811 Friars Court	Service line leak	915.52
16406 Krayola	Service line leak	876.32
Commercial Connections	Meter testing	\$5,305.00

B. **In-Progress Repairs.** Mr. Phelps reported on the repairs to the main water line leak at the Champion Pines Condominiums located on Theiss Mail Route (the "Water Line Repairs"). He noted that EDP had experienced difficulty in locating the isolation valves, which resulted in a larger area being affected by the water service interruption. Mr. Phelps added that EDP would need to replace and relocate a water line valve that had been removed during the course of the Water Line Repairs in order to avoid conflict with a Harris County Water Control & Improvement District No. 114 sanitary sewer force main that runs parallel to the District's main water line along Theiss Mail Route. EDP is reviewing the configuration of existing valves in consultation with the District's Engineer to determine whether any additional water line valves need to be installed.

C. **Conversion to Surface Water.** Mr. Phelps reported that the District began accepting surface water from the NHCRWA on 27 July 2010. He noted that the accountability report included in the Operator's Report had been modified to reflect both groundwater production by the District's water wells and the purchase of surface water from the NHCRWA. Mr. Phelps reported that the NHCRWA billing report submitted to the District for payment of fees for groundwater production and the purchase of surface water from the NHCRWA indicates that the quantity of surface water purchased for the month of July 2010 is less than indicated by the readings taken by the District's Operator from the water meter on the connection with the NHCRWA's water transmission line (the "NHCRWA Meter"). He directed the Board's attention to the NHCRWA billing report, a copy of which is included with the Operator's Report. Mr. Phelps explained that the surface water purchase figures are calculated by the NHCRWA according to readings of the NHCRWA Meter that are taken by the operator for the NHCRWA.

D. **Commercial Water Meter Testing.** Mr. Phelps reported that Southern Flowmeter is nearing completion of the annual testing of water meters on connections with commercial customers in the District (the "Commercial Meters"). He added that Southern Flowmeter had identified seven Commercial Meters that are in need of replacement.

E. **Auto Zone Irrigation Service Account.** Mr. Phelps reported that the Auto Zone outlet in the District had informed EDP that its service account for an irrigation connection included erroneous charges for sanitary sewer service. EDP confirmed the error and has corrected the billing code for Auto Zone, he told the Board. He noted that Auto Zone is

requesting a refund of all sanitary sewer charges that have been billed to its service account in the approximate amount of \$1,317. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the refund.

TERMINATION OF SERVICE

Consideration was then given to the termination of water and sewer service to certain delinquent accounts. The President recognized Mr. Phelps, who advised the Board that the requisite notifications had been given to each customer and that each customer was advised of the date, time and place of the meeting which they may attend to discuss termination of service. The Board noted that there were no customers present to protest the utility billings.

TEXAS WATER DEVELOPMENT BOARD ("TWDB") / 2009 WATER USE SURVEY

Mr. Phelps reported that the District's Operator had completed and would submit the 2009 Water Use Survey to the TWDB the following week.

REPORT ON OPERATION OF DISTRICT OFFICE

The President recognized Mr. Schuett, who presented the report concerning the District Office (the "Office Report"), a copy of which is attached hereto.

Then, after review, upon a motion duly made and seconded, the Board voted unanimously to accept the Office Report.

BOOKKEEPER'S REPORT

Mr. Schuett distributed to the Board copies of the Bookkeeper's Report on behalf Claudia Redden & Associates, L.L.C., the District's Bookkeeper, a copy of which is attached hereto as an exhibit to these minutes. The Directors also reviewed certain invoices for payment by the Board, as well as the Investment Report.

Then, upon a motion duly made and seconded, the Board voted unanimously to approve the Bookkeeper's Report, and to authorize payment of the checks listed therein.

PUBLIC FUNDS INVESTMENT ACT SEMINAR

Ms. Oliver submitted to and reviewed with the Board a flyer regarding the Public Funds Investment Act Seminar (the "Seminar") to be presented on 16 October 2010 by McCall Gibson Swedlund Barfoot, PLLC. A copy of the flyer is attached hereto as an exhibit to these minutes. The Board noted that Director Morgan, as Investment Officer for the District, would be required to complete the training offered through the Seminar. Ms. Oliver noted that the District's Attorney would forward a copy of the flyer to Director Morgan.

MILL CREEK APARTMENTS / REPAIR OF PRIVATE LIFT STATION

The Board discussed matters relating to the Lift Station serving the Apartments in the District (the "Apartments"). Ms. Oliver reported that the District's Attorney had received telephone calls from Clarissa Bauer of the Harris County Attorney's Office, representing Harris County Public Health and Environmental Services ("HCPHES"), regarding continuing problems with wastewater discharges from the Lift Station (the "Discharges"). According to Ms. Bauer,

she continued, 17 violations had been issued against the Apartments since May 2008 in connection with Discharges in the Apartments parking lot. She added that the Harris County Attorney's Office had filed a lawsuit against the Apartments to enforce the violations regarding the Discharges and had requested information from the District in connection with said lawsuit. A discussion ensued regarding the Apartments and the Discharges. Ms. Oliver remarked that it appears that no violation of the District's Rate Order has occurred with respect to the Discharges, because the malfunctioning facilities and the affected property are all private. The Directors discussed whether the District should make repairs to the Lift Station (the "Lift Station Repairs") if the Apartments would agree to pay the District in advance for the cost of the Lift Station Repairs. Mr. Yale recommended that the Board defer action on this matter, pending further action by HCPHES and the Harris County Attorney's Office.

SIGNS FOR CHAMPION WOODS DETENTION POND

The Board discussed matters relating to the request from the Community Association of Champion Woods Estates, Inc., for the District to post "No Trespassing" signs (the "Signs") at the detention pond (the "Detention Pond") serving the Champion Woods Estates subdivision, in order to discourage foot traffic across the Detention Pond site and skating or bicycling on the concrete storm water quality features located therein. Mr. Green informed the Board that he had obtained from the Constables Office the specifications that the Signs must meet in order to be considered official and enforceable by the Constable. He added that the specifications had been forwarded to Mr. Schuett.

PROPOSED STRATEGIC PARTNERSHIP AGREEMENT

Next, the Directors discussed the proposed SPA for limited purpose annexation of commercial property in the District (the "Annexation"). Ms. Oliver informed the Directors that the Board would need to conduct two public hearings in the District and approve the SPA prior to the 1 December 2010 Houston City Council meeting, at which time the City Council would consider the ordinance approving the SPA. Attached hereto as an exhibit to these minutes is a copy of an electronic mail message dated 18 August 2010 from YuShan Chang of the City's Legal Department, to which is attached the City's tentative 2010 Calendar for SPAs and Annexations.

WEB SITE

Next, the Board discussed matters relating to the District's internet web site (the "Web Site"). Director Ehmann expressed his view that the Web Site should include additional information regarding the Deputy Constables assigned to the District, including contact information for the Constable's Office. The Board concurred.

KLEINWOOD JOINT POWERS BOARD ("KJPB")

Director Fratangelo presented a report on the activities of the KJPB. He remarked that certain members of the KJPB are interested in the possibility of terminating the contract with Southwest Water Company ("Southwest") for the operation of the Kleinwood Regional Wastewater Treatment Plant.

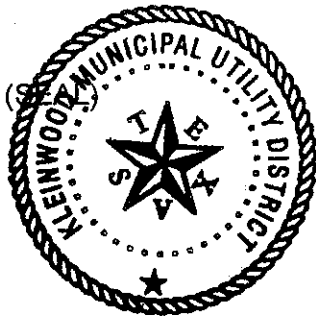
KLEINWOOD MAINTENANCE FUND ("KMF")

Director Bryl presented a report on the activities of the KMF. He informed the Board that the KMF does not desire to expand the *Kleinwood Krier* newsletter to include coverage of all subdivisions located in the District. Director Bryl also reported that the KMF does not desire to maintain the amenities and landscaping in the Walking Garden and Detention Pond.

NHCRWA

Mr. Green distributed copies of two memoranda from the District's Attorney regarding the 6 July and 2 August 2010 meetings of the NHCRWA board of directors. Copies of the memoranda are attached hereto.

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




Secretary, Board of Directors

Kleinwood Municipal Utility District
Meeting of 26 August 2010
Attachments

1. Development Report;
2. Peace Officer's Report;
3. Tax Assessor/Collector's Report;
4. Delinquent Tax Report;
5. Detention and Drainage Facilities Report;
6. Engineer's Report;
7. Whataburger service request;
8. Memo from Coats Rose (WHCRWA);
9. Memo from Coats Rose (status);
10. Table - Stuebner Airline easements;
11. Letter to Mill Creek Apartments (PILOT payments);
12. Letter from Houston Parks Board;
13. Resolution Establishing Policy Authorizing Certain Actions by Members of the Board of Directors;
14. Resolution Authorizing Application For Texas Commission on Environmental Quality Approval of Release of Escrowed Funds;
15. Letter from Coats Rose (The Falls at Champion Forest Property Owners Association);
16. Operator's Report;
17. Office Management Report;
18. Bookkeeper's Report;
19. Flyer -- Public Funds Investment Act Seminar;
20. Email regarding Strategic Partnership Agreement; Mr. Phelps
21. Memoranda from Coats Rose (NHCRWA meetings).