

RAVENEAUX REDEVELOPMENT AGREEMENT
BETWEEN
CYPRESS FOREST PUBLIC UTILITY DISTRICT
AND
JP RAVENEAUX PARTNERS LP AND KERA DEVELOPMENT, L.P.

THIS AGREEMENT is entered into as of the 2nd day of September, 2008, by and between Cypress Forest Public Utility District, a political subdivision of the State of Texas, organized pursuant to the provisions of Article XVI, Section 59 of the Texas Constitution and Chapters 49 and 54 of the Texas Water Code, as amended ("District") and JP Raveneaux Partners LP, a Texas limited partnership, and Kera Development, L.P., a Texas limited partnership, including any successors or assigns (collectively, the "Developer").

RECITALS

WHEREAS, the District operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended and is authorized to provide water, sewer and drainage facilities and park and recreational facilities to serve the land within its boundaries;

WHEREAS, Developer owns approximately 285 acres that is currently known as the Raveneaux Country Club, as further described on Exhibit "A" attached hereto (the "Tract"), a portion of which is located in the boundaries of the District;

WHEREAS, the Board of Directors of the District has determined that it is in the best interest of the District to annex certain portions of the Tract that are not currently in the District and provide for the design and construction of the water, sewer and drainage facilities to serve a portion of the Tract if the Developer is willing to convey other portions of the Tract to the District and to restrict the types of development that are allowable on the Tract; and

WHEREAS, Developer is agreeable to advancing funds to or on behalf of the District for the purpose of designing and constructing the water, sewer and drainage facilities to serve a portion the Tract and to convey to the District a portion of the Tract and to restrict the types of development that are allowable on the Tract, subject to the terms and conditions of this Agreement.

AGREEMENT

NOW, THEREFORE, for and in consideration of the mutual promises, covenants, obligations and benefits of this Agreement, the District and Developer contract and agree as follows:

ARTICLE I
REDEVELOPMENT OF 27 ACRES

Section 1.01: Annexation. In order to receive utility service and certain reimbursements as provided herein, the Developer agrees that it will file a petition with the District for annexation of those portions of the Tract that are not currently located in the District or in Kleinwood Municipal Utility District ("Kleinwood"), substantially as described in Exhibit "B" hereto (the "Annexation Tract"). The annexation petition shall be in substantially the form attached hereto as Exhibit "C". The Developer will execute the annexation petition and the petition to the City of Houston for consent concurrently within 30 days of execution of this Agreement. The Developer shall deposit \$15,000 with the District to offset the legal and engineering costs associated only with the annexation. The District's engineer shall prepare a metes and bounds description of the Annexation Tract. The Developer agrees to execute the various certificates of authority for all signers acting in representative capacities. The Developer will be responsible for securing the executions and acknowledgments for all landowners and lienholders that are needed on all documents relating to the proposed annexation. The District will work on the annexation on the condition that the Developer pays all costs and expenses normally incurred by the District relating to the annexation, including, but not limited to, attorneys' fees, engineering fees, filing fees, copying costs, and all other related costs or fees. Immediately prior to the time that the District adopts an Order Adding Land, which officially annexes the Annexation Tract into the District, the Developer will be billed for the final annexation costs representing the difference between the \$15,000.00 deposit and the total costs involved in the annexation, which amount shall be immediately due to the District. If the actual annexation costs incurred by the District are less than \$15,000.00, the difference will be reimbursed to the Developer.

Before the District shall be obligated to proceed with the annexation or any other obligations under this Agreement, the Developer shall provide a copy of written notice filed by the Developer with Kleinwood and the City of Houston formally withdrawing its petition for annexation of any portion of the Tract into Kleinwood.

Section 1.02. Provision of Utility Service. Upon annexation of the Annexation Tract pursuant to Section 1.01 and satisfaction of the Developer's obligations in Section 3.01, the District agrees to provide and make immediately available up to five hundred (500) equivalent single family connections ("ESFCs") of water supply and sewage treatment capacity for the redevelopment of approximately 27 acres of the Tract, as such approximate 27 acres are shown in Exhibit "D" hereto (the "27 Acres"). The gallons-per-day measurement of equivalent single family connection shall be based on standard Texas Commission on Environmental Quality (the "Commission") criteria. The Developer shall not connect to any of the District's water, sewer or drainage facilities and the District is not required to provide any service to the 27 Acres or any of the Tract until annexation of the Annexation Tract is complete. The Developer may start