

MINUTES OF SPECIAL MEETING
BOARD OF DIRECTORS

AUGUST 7, 2008

THE STATE OF TEXAS

COUNTY OF HARRIS

CHARTERWOOD MUNICIPAL UTILITY DISTRICT

The Board of Directors (the "Board") of Charterwood Municipal Utility District (the "District") met in special session, open to the public, at 616 F.M. 1960 West, Suite 250, Houston, Texas, a meeting place outside the boundaries of the District, on Thursday, August 11 at 7:30 p.m.; whereupon, the roll was called of the members of the Board, to-wit:

Richard G. Howe	-	President
Jean Aldredge	-	Secretary
Tommy Kelley	-	Assistant Secretary/Treasurer
Tom Thomson	-	Assistant Secretary

All members of the Board were present, thus constituting a quorum.

Also attending the meeting were Ken Love with Municipal District Services, the District's Operator ("Operator"); Mark Adam with AEI Engineering, Inc., the District's Engineer ("Engineer"); and Mindy Koehne, Attorney and Lori Crawford, Legal Assistant, of Coats, Rose, Yale, Ryman & Lee, P.C. Attorneys for the District ("Coats/Rose").

WHEREUPON, the meeting was called to order. The posted meeting notices are attached hereto.

CONSIDER PROPOSAL OF LEGACY ENERGY FOR ENERGY PROCUREMENT

The Board recognized Ms. Karen Sears of Legacy Energy Solutions (“Legacy”), who introduced herself to the Board and provided a summary of her experience with municipal utility districts. She said that Legacy currently works with over two-hundred and fifty (250) municipal utility districts to assist with managing electricity costs. Ms. Sears then distributed and briefly reviewed the Rate Optimization Report and electric supply quotes from seven (7) retail electricity providers. She reviewed the chart of projected annual savings by annual terms from one (1) to five (5) years and noted that Integrys Energy Services shows the highest percentage of savings for each term. Referring to the report, Ms. Sears noted that under a five (5)-year term the District could save 17.9% of what it is currently spending on electricity costs. Ms. Sears responded to questions and comments from Board members. Following discussion, and based on a motion by Director Thomson which was seconded by Director Kelly, the Board voted unanimously to authorize Director Aldredge to work with Ms. Sears and Director Howe and reach a decision on behalf of the District regarding the Legacy proposal for energy procurement and management.

DEVELOPER’S REPORT

In the absence of the developer, no report was received.

DISCUSS FENCING PROPOSALS

The Board discussed the proposal for the fencing at the back section and north side of water plant no. 2. It was noted that the Board considered the Foster Fence proposal at the last meeting and requested a detailed listing of the costs and measurements and requested that the Engineer review and approve the specifications for

the project. In that regard, the Board reviewed the details of the updated fencing proposal for the project, to include take down and haul off existing fence, provision of temporary fencing and installation of new fence. Following discussion and based on a motion by Director Aldredge which was seconded by Director Thomson, the Board voted unanimously to accept the proposal for replacement of the fence as noted at Water Plant No. 2 in the amount of approximately \$49,000.

The Board next considered the proposal for the fencing at the Sewage Treatment Plant ("STP") from Imperial Masonry, Ltd., as provided by David Nussbaum of V&W Partners, Ltd. ("V&W"). The Board reviewed and discussed the proposal, and Director Howe requested further details on the appearance, stability, engineering costs and responsibility for maintenance. Mr. Adam reviewed the terms of the Development Agreement with V&W and confirmed that maintenance would be the District's responsibility. Ms. Crawford confirmed that the Development Agreement calls for a minimum 8' brick fence. Mr. Adam noted that he would discuss the matter with the Developer and report to the Board at the next meeting.

MURR PROPOSAL FOR CUTTEN ROAD ESPLANADE IMPROVEMENTS

The Board considered MURR, INC.'s proposal for a Landscape Plan of the median and esplanade areas within the District, specifically along Cutten Road on the existing medians from Louetta Road to North of Rodgers Road. Following discussion and based on a motion by Director Kelley which was seconded by Director Thomson, the Board voted unanimously to approve the proposal/plan for the esplanade improvements and authorize MURR, INC. to begin work on the project.

REVISED MASTER PLAN FOR PILLOT GULLY

The Board concurred to table this matter, pending Mr. Murr's discussions with the County and/or the Harris County Flood Control District concerning the plans and eventual maintenance of the completed facilities. The Board also requested that Mr. Adam talk with the Board of Directors of Prestonwood MUD regarding linking their respective trails.

UPDATE ON WEBSITE

It was noted that Director Aldredge and Mr. Adam are meeting with Payne Communications tomorrow and will update the Board at the next meeting.

PURCHASE OF ATV FOR DISTRICT USE

Ms. Crawford noted that she confirmed with Mr. Green that the District has the authority to purchase an ATV as long as it is used for District purposes only. The Board concurred to table this matter pending the Operator's review of fuel options and discussion with Officer Steve Drake about any required training for operation of the ATV.

ENGINEER'S REPORT

Mr. Adam said he had nothing further to discuss with the Board.

OPERATOR'S REPORT

Mr. Love reviewed with the Board a customer's request for a pay-out agreement with the District for payment of their past-due water bill. Following review of the customer's account and payment history, and based on a motion by Director Aldredge which was seconded by Director Kelley, the Board voted unanimously to approve the customer's request to make payments on the past-due account.

SECURITY

The Board discussed the addition of a contract law enforcement officer in the District. No action was taken.

COMMENTS FROM DIRECTORS

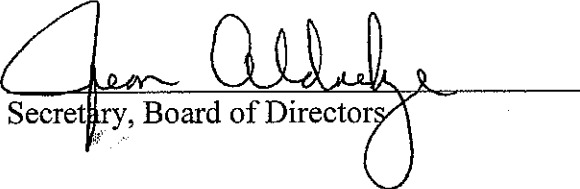
The Board noted no additional comments.

ATTORNEY'S REPORT

No action was taken on this matter.

There being no further business to come before the Board, the meeting was adjourned.

PASSED, APPROVED AND ADOPTED this 26th day of August, 2008.


Secretary, Board of Directors

(DISTRICT SEAL)

