

MINUTES OF MEETING
BOARD OF DIRECTORS

November 25, 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 regular session, open to the public, at Comfort Suites/Willowbrook, 21222 Tomball Parkway, Houston, Texas, a meeting place inside the boundaries of the District, on Tuesday, November 25, 2008, at 7:00 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"); Kristen Scott of Bob Leared Interests, the District's Tax Assessor/Collector ("TAC"); Michael Murr of MURR, Inc., the District's landscape architect ("MURR"); Wendy Austin of District Data Services, Bookkeeper for the District ("Bookkeeper"); and Mindy L. 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 at 7:23 p.m.. The posted meeting notices are attached hereto.

APPROVAL OF MINUTES

The Board first considered approving the minutes of the October 28 Board meeting. Based on a motion by Director Kelley which was seconded by Director Thomson, the Board voted unanimously to approve the minutes as presented.

PUBLIC COMMENT

No members of the public were present to address the Board.

BOOKKEEPER'S REPORT

Ms. Austin reviewed the District's receipts, expenditures, capital projects and debt service funds for the current reporting period. She updated the Board on city sales tax income, and expenses related to the WWTP expansion, the Joint Water Plant expansion and energy consumption. She also noted the payment to Industrial TX Corp. for pay estimate No. 16 in the amount of \$189,978.75 which is also reflected in the engineer's report and will be recommended for payment by the Engineer. Following discussion regarding bookkeeping matters, and based on a motion by Director Thomson which was seconded by Director Aldredge, the Board voted unanimously to approve the Bookkeeper's report as presented.

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Scott reviewed the TAC report for the period ending October 31, 2008, a copy of which is attached. She said that 98% of the 2007 taxes have been collected and 1.3% of 2008 taxes have been collected to date. She reported on receipts and

disbursements from the tax account and reviewed historical tax data. Lastly, Ms. Scott asked whether the Board wanted to order an aerial map of the District.

Following a full review of the TAC report, and based on a motion by Director Kelley which was seconded by Director Aldredge, the Board voted unanimously to approve the TAC's Report and authorize payment of tax-related expenses. Based on a motion by Director Kelley which was seconded by Director Thomson, the Board voted unanimously to have the TAC order an aerial map of the District.

RENEW INSURANCE

The Board next reviewed a proposal and considered renewing the District's insurance coverage with AquaSurance. Ms. Crawford noted that an alternate proposal was obtained from ANCO McDonald ("ANCO") and reminded the Board that she sent the ANCO premium summary page to the Board members via e-mail, along with a copy of the AquaSurance proposal, for their reference and information, in advance of the Board meeting. The Board members and consultants discussed the claim and payment history and the past relationship with AquaSurance, noting that there have been no problems or issues with claims and/or coverage during the time AquaSurance has been the District's agent.

Based on such discussion and a motion by Director Kelley which was seconded by Director Aldredge, the Board voted unanimously to renew the District's insurance with AquaSurance for the period 12/4/08 thru 12/4/09 for a total premium of \$19,005.

AGREEMENT FOR PATROL SERVICES WITH PRECINCT FOUR CONSTABLE

The Board next discussed renewing the District's Patrol Services Agreement with Precinct Four (the "Agreement") for the calendar year beginning January 1, 2009. Ms.

Crawford reminded the Board that the cost for security patrol services has increased by approximately 4%, and that such costs are reflected in the proposed agreement. Following discussion and based on a motion by Director Aldredge which was seconded by Director Thomson, the Board voted unanimously to approve the Agreement as presented and to contract with Precinct Four for security patrol services for calendar year 2009.

REPORT FROM MICHAEL MURR

Mr. Murr updated the Board on various planned projects in the District.

ENGINEER'S REPORT

The Board recognized Mr. Adam who reviewed and discussed the Engineer's Report, a copy of which is attached. Mr. Adam first noted Pay Estimate No. 16 in the amount of \$189,978.75 from Industrial TX Corp. for the STP expansion project, and recommended approval for payment. He advised the Board that he and Mr. Nussbaum met with Jackie Spurling with Stanley Engineering ("Stanley") to discuss the structural design of the proposed perimeter fence. Mr. Adam said Stanley is preparing the base design for the fence.

Mr. Adam updated the Board on the planned improvements at the Water Supply Plants. He reminded the Board that replacement of the hydro tank was awarded to Gemini Contracting Services and that the contracts are being prepared. Mr. Adam requested the Board's authorization for tank hatch inspections at the water plants. Based on a motion by Director Aldredge which was seconded by Director Thomson, the Board voted unanimously to authorize the tank hatch inspections.

Mr. Adam and Mr. Love updated the Board on correspondence with the representative of the proposed "Wine Styles" establishment concerning the District's requirement for a grease trap and a sample well. They said the owner has been advised that no grease trap is required if only wine and cheese will be served, but that the District will require a sample well for periodic testing of the waste stream.

The Board discussed the pending appraisals for which the District engaged Alan Dominy. Ms. Crawford noted that, per the Board's request, she contacted Mr. Dominy about the status of the appraisals. She said she advised him, per the Board's request, that if no work product on the appraisals was provided to the Board in time for the next Board meeting, the Board would engage another appraiser to do the work. She reported that Mr. Dominy assured her that he would have reports for review at the next Board meeting.

Mr. Adam next reviewed the detention pond inspection report and requested approval of Pay Request No. 16 in the amount of \$420.00 for work done during the month of October. Based on a motion duly made and seconded, the Board voted unanimously to approve the payment of \$420.00 for detention pond maintenance.

He then discussed the matter of the proposed surplus funds application ("application") and reconciliation of the District's fund balances in connection with same. He noted that the request to reimburse Phil Baker ("Baker") will require that the District obtain an Agreement with the Harris County Drainage District and Pin Oak Park related to Baker's request for reimbursement of drainage impact fees. Mr. Adam said this process would take several months and that it would delay submission of the application to the TCEQ and thus delay reimbursement to Smith Commercial Contracting, which has already complied with the District's requirements and provided all necessary

documentation for reimbursement. He suggested reimbursing Smith from available operating funds, then reimbursing the operating fund using surplus funds once the application is approved. The Board requested that the matter of the Smith reimbursement be placed on the December meeting agenda for further discussion. Mr. Adam said he is working with the Bookkeeper to reconcile all fund balances to determine the amount of funds available to reimburse Smith and Baker and pay for the replacement of the hydro tank.

Mr. Adam next reviewed the feasibility report concerning Klein ISD's request for service from the District to serve the proposed High School No. 5 campus complex. A copy of the feasibility report is attached. He said that based on the analysis, it would not be economically feasible for Klein ISD to get service from the District.

Following a full discussion of the Engineer's Report, and based on a motion by Director Aldredge which was seconded by Director Thomson, the Board voted unanimously to approve the Engineer's report as presented.

OPERATOR'S REPORT

Mr. Love first discussed correspondence from a customer residing at 9610 Rodgers Road regarding their water bill. Mr. Love reviewed the customer's historical usage, noting a significant increase in the months of July and August. The Board concurred to authorize the Operator to generate a new bill based on the customer's average usage over the last six (6) months, and credit any amount over that amount. The Board also suggested that the customer be reminded about ways to reduce usage and conserve water.

Mr. Love then reviewed the Operations Report for October and updated the Board on collections, water production and accountability. He also reviewed the list of accounts scheduled for termination due to non-payment. The Board concurred to hold off on any termination of service until after the holidays.

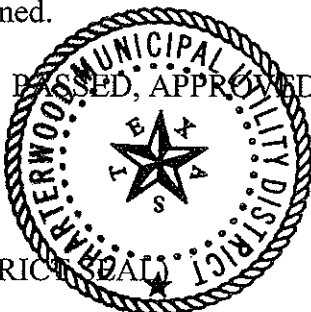
The Board next discussed the style and color of the stone to be used for the new fence and looked at sample stones. Based on input from directors and consultants, the Board agreed to use the tan-colored stone rather than the other options that have a pink tint. Mr. Murr advised that the neutral tone is the best option when using man-made stone.

Following discussion of operations matters, and based on a motion by Director Kelley which was seconded by Director Aldredge, the Board voted unanimously to approve the Operator's report as submitted.

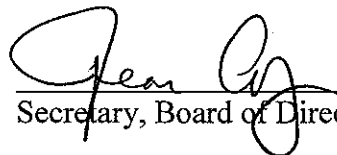
COMMENTS FROM DIRECTORS

The Board briefly discussed the matter of the resident who complained about the conduct of the Waste Management employee while on route in the District, noting that no further comments have been received and that the resident has not yet attended a Board meeting to address the matter. It was also noted that representatives of Majestic Oaks want to discuss the matter of the greenbelt proposal with the Board.

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



PASSED, APPROVED AND ADOPTED this 23rd day of December, 2008.


Secretary, Board of Directors