

MINUTES OF MEETING  
BOARD OF DIRECTORS

May 25, 2010

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 designated meeting place inside the boundaries of the District, on Tuesday, May 25, 2010, at 7:00 p.m.; whereupon, the roll was called of the members of the Board, to-wit:

Richard G. Howe	-	President
Jean Aldredge	-	Vice President
Grace Jackson	-	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"); Stephanie Viator of District Data Services, Bookkeeper for the District ("Bookkeeper"); Kristen Scott of Bob Leared Interests, the District's Tax Assessor/Collector ("TAC"); Michael Murr of Murr Inc., the District's landscape architect ("Murr"); Malcolm McMullen of Westwego Realty Group, L.L.C., the District's Real Estate Broker ("Broker"); Robert Bernardini of Windwood Presbyterian Church;

and Timothy Green, Attorney and Beth Van Doren, Legal Assistant, of Coats, Rose, Yale, Ryman & Lee, P.C., attorneys for the District (“Coats/Rose”).

WHEREUPON, the meeting was called to order at 7:10 p.m. The posted meeting notices are attached hereto.

CONSIDER REQUEST FROM WINDWOOD PRESBYTERIAN CHURCH FOR DISTRICT SERVICE

The Board recognized Mr. Bernardini of Winwood Presbyterian Church who gave a brief background of the church and its plans for growth. He stated that the church was looking to acquire water services from the District. The Board noted that the church’s current water and wastewater services provider is SC Utilities, Inc. Further information is required to determine whether service from the District are feasible.

APPROVAL OF MINUTES OF MEETINGS OF APRIL 27, 2010

The Board reviewed the minutes from the meetings of April 27, 2010, previously distributed to the Board. Upon a motion made by Director Kelley and seconded by Director Jackson, the Board unanimously approved the minutes of the meetings of April 27, 2010.

BOOKKEEPER’S REPORT

The Board recognized Ms. Viator who reviewed the bookkeeping report for the current reporting period, including the District’s receipts, expenditures, capital projects and debt service funds, a copy of which is attached.

Following discussion regarding bookkeeping matters, and based on a motion by Director Kelley which was seconded by Director Thomson, the Board voted unanimously to approve the Bookkeeper’s report as presented.

### ENGAGE AUDITOR

The Board next considered engaging David L. Merritt, P.C. to conduct the audit for fiscal year ending March 31, 2010, and to authorize and direct the consultants to cooperate with the auditor in connection with same and to provide records and information as requested by the auditor. Following discussion and based on a motion by Director Kelley, seconded by Director Aldredge, the Board voted unanimously to engage Mr. Merritt to conduct the audit for fiscal year ending March 31, 2010, and to authorize and direct the consultants to cooperate with the auditor in connection with same.

### TAX ASSESSOR/COLLECTOR'S REPORT

The Board recognized Ms. Scott who reviewed the TAC report for the period ending April 30, 2010, a copy of which is attached. The Board noted that 97.8% of the 2009 taxes have been collected to date. Ms. Scott reported on receipts and disbursements from the tax account and reviewed historical tax data.

Following a full review of the TAC report, and based on a motion by Director Jackson which was seconded by Director Aldredge, the Board voted unanimously to approve the TAC's Report and authorize payment of tax-related expenses.

### HEAR FINANCIAL ADVISOR'S REPORT

No report was offered.

### ENGINEERS REPORT

The Board recognized Mr. Adam who reviewed and discussed the Engineer's Report, a copy of which is attached. Mr. Adam first stated he had received an approved WWTP discharge permit from the TCEQ. The TCEQ has required the District develop a

plan for identifying and treating the zinc component. Mr. Adam noted he had been in contact with Mr. Tom Odom with HP, in regard to the zinc issue.

Mr. Adam stated he had received notification from the TCEQ declaring the Capital Projects Bond Application administratively complete.

He further noted that they have been in contact with Harris County Flood Control District ("HCFCD") requesting a Hike and Bike Trail Agreement. In the agreement, the MUD will agree to maintain the berms and HCFCD will maintain the slopes. Additionally, the District will have to acquire easements to the center of Pillot Gulley from approximately forty landowners.

Following a full review and discussion of engineering and construction matters, and based on a motion by Director Kelley which was seconded by Director Thomson, the Board voted unanimously to approve the Engineer's report.

CONSIDER REIMBURSEMENT TO PHIL BAKER

The Board next considered a reimbursement request by Phil Baker. Following a review and discussion, and based on a motion by Director Jackson which was seconded by Director Thomson, the Board voted unanimously to authorize Coats/Rose to prepare an application to the TCEQ for use of surplus funds for Phil Baker along with Smith Commercial Contracting Inc.

OPERATOR'S REPORT

Mr. Love presented the Operations Report for May and updated the Board on collections, water production and accountability. He also reviewed the list of accounts scheduled for termination due to non-payment.

Mr. Love noted that there were no new taps installed in March, 2010. The total connection count for the District at 1248. Mr. Love further noted that there was 77.2% accountability for water pumpage during the current reporting period, bringing the four month average to 81.9%. He attributed the low accountability to four service line leaks.

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

#### AMEND RATE ORDER

The Board noted that water rates will need to be adjusted as soon as the District starts receiving surface water from NHCRWA. The Board requested a letter outlining these changes be drafted by the District's attorney for distribution in July. The Board deferred action on this agenda item.

#### BROKER'S REPORT

The Board recognized Mr. McMullen who reviewed with the Board the status of obtaining properties for the District's meeting facility. He noted that since Harris County has no intention of extending Cutten Road, the property values are not as high as initially thought. Upon a motion by Director Jackson, seconded by Director Kelley, Mr. McMullen was authorized to offer up to \$15,000 per acre for the desired property.

#### REPORT FROM MICHAEL MURR

The Board recognized Mr. Murr who updated the Board on the status of landscaping progress within the District. No action was needed on this agenda item.

#### SECURITY REPORT

No Security Report was offered.

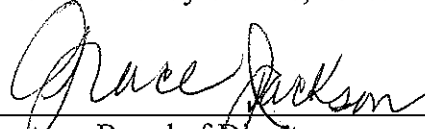
DIRECTORS COMMENTS

The Board requested Mr. Adam and Mr. Love to research costs associated with temporary office modules and availability of office spaces in area strip centers.

The Board also requested that Director Aldredge work with Mr. Love to prepare signs announcing the Districts chloramine conversion. Upon a motion by Director Jackson, seconded by Director Thomson, the Board authorized Director Aldredge and Mr. Love to prepare signs for the District at a cost not to exceed \$2000.00.

There being no further business to come before the Board, upon a motion duly made, seconded and approved unanimously, the meeting was adjourned.

PASSED, APPROVED AND ADOPTED this 22nd day of June, 2010.

  
Secretary, Board of Directors

(DISTRICT SEAL)

