

MINUTES OF MEETING  
BOARD OF DIRECTORS

June 22, 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, June 22, 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
Tomimy 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"); Wendy Austin 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"); 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 7:15 p.m. The posted meeting notices are attached hereto.

APPROVAL OF MINUTES OF MEETINGS OF APRIL 27, 2010

The Board deferred action on this agenda item.

BOOKKEEPER'S REPORT

The Board recognized Ms. Austin 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 Jackson, the Board voted unanimously to approve the Bookkeeper's report as presented.

TAX ASSESSOR/COLLECTOR'S REPORT

The Board recognized Ms. Scott who reviewed the TAC report for the period ending May 31, 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.

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 prepared a final cost sharing summary between the District and Harris County MUD No. 468. According to

this summary, the District owes \$61,765.82 to Harris County MUD No. 468 based on their initial deposits and the final project costs. Following a review and discussion, and based on a motion by Director Aldredge which was seconded by Director Kelley, the Board voted unanimously to approve a \$61,765.82 payment to Harris County MUD No. 468 pending the confirmation of the calculations from Harris County MUD No. 468.

Next, the Board discussed the status of the TCEQ requirement that the District develop a plan for identifying and treating the zinc component. After further discussion, the Board requested the attorney prepare a letter to HP requesting the zinc issue either be resolved or a plan be developed within the next ninety days.

Mr. Adam stated that Gemini Contracting Services has completed the chloramines conversion project. The start-up of this system is tentatively scheduled for July 15, 2010.

Next, the Board reviewed three contract options for the Detention Pond Maintenance. Following a review and discussion, and based on a motion by Director Jackson which was seconded by Director Aldredge, the Board voted unanimously to approve Option No. 2 which has an annual cost of \$17,967.68.

Mr. Adam noted that the District is in receipt of a Comcast damage claim. The letter states that the damages were discovered or repaired on or about June 9, 2009 at the location of 16330 Bohnhof Strasse. According to the letter, 234 feet of underground Comcast cable had to be replaced for a total cost with labor of \$2,385.40. According to AEI's records, sanitary sewer line behind 16220 Bohnhof Strasse from Manholes 309-311 was removed and replaced by BC Liner, an independent contractor. The Board requested the attorney prepare and send a letter to BC Liner requesting them to resolve the claim directly with Comcast.

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

#### CONSIDER ADOPTING RESOLUTION FOR USE OF SURPLUS FUNDS

The Board next considered approving the Resolution Authorizing Application to the Texas Commission on Environmental Quality ("TCEQ") for use of Surplus Funds to reimburse Smith Commercial Contracting and Phil Baker (the "Application").

Following review and discussion, and based on a motion by Director Aldredge which was seconded by Director Kelley, the Board voted unanimously to approve the Resolution Authorizing Application to the Texas Commission on Environmental Quality for use of Surplus Funds.

#### OPERATOR'S REPORT

Mr. Love presented the Operations Report for June 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 May, 2010. The total connection count for the District is 1247. Mr. Love further noted that there was 82.6% accountability for water pumpage during the current reporting period, bringing the four month average to 84.1%.

Next, Mr. Love presented a copy of the Chloramine Notification Letter that will be sent to residents three times prior to the anticipated conversation date of July 15, 2010. As of this date the notice has been sent once.

Mr. Love further noted that he and Director Aldredge are still working on preparing signs announcing the Districts chloramine conversion.

Next, Mr. Love presented a letter from Kevin Logan, owner of the property located at 9439 Crystal Cove Circle. Mr. Logan received a water bill in the amount of \$434.51 for 82,000 gallons of water. Mr. Logan stated that his average usage is only 4,000 gallons per month. He said he has checked for leaks and also noted that the meter has been checked. After further discussion, the Board authorized the operator to credit Mr. Logan for the excess sewer usage until a resolution for the overage can be determined.

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

#### AMEND RATE ORDER

In follow-up to the Board's previous discussions concerning amending the Rate Order, Ms. Van Doren reviewed the addition of language concerning Grease Trap Inspections, North Harris County Regional Water Authority Regulatory Assessments, and Residential Leak Adjustment Policy. Following review and discussion, and based on a motion by Director Aldredge, seconded by Director Thomson, the Board voted unanimously to approve the amendment to the District's Rate Order effective July 1, 2010.

#### BROKER'S REPORT

In the absence of Mr. McMullen, the Board requested an update on the status of obtaining properties for the District's meeting facility be emailed to the Directors.

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

The Board requested that Ms. Van Doren review costs and procedures for increasing the District's current contract with Precinct Four from a constable contract to a contract for a sergeant.

DIRECTORS COMMENTS

Director Thomson stated he would like to research the costs of obtaining District shirts for the Directors to wear to conferences and meetings.

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 27th day of July, 2010.

  
Secretary, Board of Directors

(DISTRICT SEAL)

