

MINUTES OF MEETING
BOARD OF DIRECTORS

March 22, 2011

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 March 22, 2011, 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"); Wendy Austin of District Data Services, Bookkeeper for the District ("Bookkeeper"); Michael Keefe 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"); and Doug and Sharon Harris, residents of the District.

WHEREUPON, the meeting was called to order at 7:15 p.m. The posted meeting notices are attached hereto as Exhibit "A".

APPROVAL OF MINUTES OF MEETINGS OF JANUARY 5, FEBRUARY 15, FEBRUARY 22 AND MARCH 14, 2011

The Board reviewed the minutes from the meetings of January 5, February 15, February 22 and March 14, 2011, previously distributed to the Board. Upon a motion made by Director Aldredge and seconded by Director Jackson, with Director Howe abstaining, the Board approved the minutes of the meetings of January 5, February 15, February 22 and March 14, 2011.

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 hereto as Exhibit "B".

Following discussion regarding bookkeeping matters, and based on a motion by Director Jackson which was seconded by Director Aldredge, the Board voted unanimously to approve the Bookkeeper's report.

ADOPT BUDGET FOR F/Y/E MARCH 31, 2012

The Board next reviewed and discussed the proposed budget for the fiscal year ending March 31, 2012. Following discussion and based on a motion by Director Aldredge, seconded by Director Thomson, the Board voted unanimously to adopt the budget as presented.

TAX ASSESSOR/COLLECTOR'S REPORT

The Board recognized Mr. Keefe who reviewed the TAC report for the period ending February 28, 2011, a copy of which is attached hereto as Exhibit "C", noting that

96.9% of the 2010 taxes and 98.98% of the 2009 taxes have been collected to date. Mr. Keefe 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.

ADOPT RESOLUTION CONCERNING TAX EXEMPTIONS FOR 2011

The Board considered adopting a Resolution Concerning Tax Exemptions for 2011. The Board noted that the Resolution reflects the \$10,000 exemption for age 65 or older or disability, and no other exemptions. Following discussion and based on a motion by Director Jackson which was seconded by Director Thomson, the Board voted unanimously to adopt the Resolution Concerning Tax Exemptions as presented, granting a \$10,000 exemption for persons age 65 or older or disabled, a copy of which is attached as Exhibit "D".

ADOPT RESOLUTION IMPLEMENTING 20% PENALTY ON 2010 DELINQUENT TAXES AND CONTRACTING WITH COATS ROSE FOR COLLECTION OF DELINQUENT TAXES

The Board next considered adopting a Resolution Implementing a 20% Penalty on 2010 Delinquent Taxes. The Board discussed implementation of the penalty and considered the costs of delinquent tax collection. Based on a motion by Director Jackson which was seconded by Director Thomson, the Board voted unanimously to adopt the Resolution Implementing 20% Penalty on 2010 Delinquent Taxes, a copy of which is attached as Exhibit "E". It was noted that such Resolution includes an early penalty on

delinquent personal property accounts, under the provisions of Section 33.11 of the tax code.

ENGAGE AUDITOR

The Board next considered engaging Mr. Merritt to conduct the audit for fiscal year ending 3/31/11, 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 Aldredge, seconded by Director Thomson, the Board voted unanimously to engage Mr. Merritt to conduct the audit for fiscal year ending 3/31/11, and to authorize and direct the consultants to cooperate with the Auditor in connection with same.

ENGINEERS REPORT

The Board recognized Mr. Adam who reviewed and discussed the Engineer's Report, a copy of which is attached hereto as Exhibit "F".

First, Mr. Adam notified the Board he is preparing the calculations for the Chloramines Conversion Credit that will be submitted to the NHCRWA for review and approval.

Next, Mr. Adam reviewed the monthly inspection report and recommended approval of pay estimate No. 8 for monthly inspection and mowing work by Storm Water Solutions, in the amount of \$320.00. Approval of payment was recommended. Following a full review and discussion of engineering and construction matters, and based on a motion by Director Jackson which was seconded by Director Kelley, the Board voted unanimously to approve the Engineer's report and approve Pay Estimate No.

8 from Storm Water Solutions in the amount of \$320.00 for maintenance of the detention pond.

OPERATOR'S REPORT

Mr. Love presented the Operations Report for December and updated the Board on collections, water production and accountability, a copy of which is attached hereto as Exhibit "G". He also reviewed the list of accounts scheduled for termination due to non-payment.

Mr. Love noted that the total connection count for the District in March, 2011 is 1254. Mr. Love further noted that there was 102.7% accountability for water pumpage during the current reporting period, bringing the four month average to 96.1%.

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

BROKER'S REPORT

No Broker's Report was offered.

APPRAISER'S REPORT

Next, the Board reviewed an Appraisal Report, prepared by Fox & Bublea, Inc., regarding the 1.5124 acre tract owned by Robert & Lil Vanstraelen, a copy of which is attached as Exhibit "H". After further discussion and based on a motion by Director Jackson, seconded by Director Aldredge, the Board unanimously authorized the Attorney prepare an offer letter to the Vanstraelens for the appraised value of their land.

REVIEW AND AUTHORIZE MEETING FACILITY PLANS AND SPECS

The Board deferred action on this agenda item.

REPORT FROM MICHAEL MURR

The Board recognized Mr. Murr who updated the Board on the status of the District's various projects. No action was required on this agenda item.

REVIEW AND CONSIDER APPROVING SERVICE APPLICATION WITH LANDSCAPING REQUIREMENTS

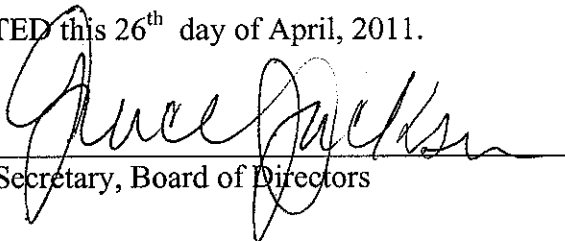
The Board deferred action on this item.

SECURITY REPORT

Director Kelley informed the Board that the Constable's office was in the process of cutting jobs. He noted that the District will need to determine how this will affect security within the District.

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 26th day of April, 2011.


Secretary, Board of Directors

