

and that no separate discussion of such items will occur unless a Board member or a member of the public requests that an item be moved to the regular portion of the agenda.

Mr. Peterson added Change Order No. 1 in the amount of \$17,495.00 from Menendez-Donnell & Associates, Inc. ("Menendez-Donnell") to the Consent Agenda.

Ms. Bobbitt then noted that the minutes of the executive sessions of November 13, 2007 and December 4, 2007 and the special meeting of November 20, 2007 were not yet finalized and asked that approval of such minutes be removed from tonight's Consent Agenda.

Upon motion by Director Marks, seconded by Director Theiss, after full discussion and the question being put to the Board, the Board voted unanimously to approve the following Consent Agenda items: 1) approve the minutes of the regular meeting of December 18, 2007 and the special meeting of December 4, 2007; 2) authorize design of the box culvert from Kuykendahl Road to the Wal-Mart detention pond; 3) authorize advertising for bids, subject to Engineer's receipt, review and approval of project plans and specifications for the Northcrest Village, Section 7 detention channel and drainage facilities; 4) approve the following pay estimate and change order: a) Pay Estimate No. 3 in the amount of \$167,476.58 from Beyer Construction, LLP for construction of the T. C. Jester Boulevard extension from Alvin A. Klein Road to FM 2920; and b) Change Order No. 1 in the amount of \$17,495.00 from Menendez-Donnell for the removal and replacement of a 10-foot by 10-foot concrete square and a water line tie-in on the west side of Kuykendahl Road; 5) ratify approval and execution of the Interlocal Agreement with Harris County for Law Enforcement Services for 2008; and 6) authorize execution of any necessary easements to serve various developments within the District.

ELECTION AGENDA

Ms. Bobbitt first explained that Directors Marks, Theiss and Schkade are up for re-election at the upcoming Directors Election scheduled for Saturday, May 10, 2008. Ms. Bobbitt noted that the candidates' applications are due by 5:00 p.m. on March 10, 2008. Ms. Bobbitt further explained that if the incumbents are unopposed, the Directors Election can be cancelled at the Board's March or April meeting. Ms. Dold stated that she would contact Mr. Argyll "Gus" Gustafason to determine if he would be willing to serve as the presiding election judge for the upcoming election.

Director Schkade then stated that he may not run for re-election since he plans to permanently move to Center, Texas.

Ms. Bobbitt then explained that any changes in voting times or polling locations for early voting and election day voting from that which was previously done in 2006 will constitute changes in the District's election procedures and, therefore, will require preparation and submission of a letter to the Department of Justice (the "DOJ") requesting approval of any such changes, pursuant to the provisions of Section 5 of the Voting Rights Act of 1965, as amended. Ms. Bobbitt then requested authorization to prepare the necessary submission letter(s) to the DOJ, once the election information is determined and if such submission letter(s) are necessary.

Upon motion by Director Warren seconded by Director Marks, after full discussion and the question being put to the Board, the Board voted unanimously to authorize JRPB to prepare the necessary submission letter(s) to the DOJ regarding any changes in voting procedures and/or changes in voting times and/or polling locations from that which was done in 2006, if any.

REGULAR AGENDA

REVIEW AND DISCUSS STATUS OF PROPOSED SALE OF DISTRICT'S \$17,015,000 WATERWORKS AND SEWER SYSTEM COMBINATION UNLIMITED TAX AND REVENUE BONDS, SERIES 2008 (THE "SERIES 2008 BONDS")

Ms. Bobbitt reported that Mr. Carlin Short, the District's financial advisor, has recommended that the Board delay the sale of the District's Series 2008 Bonds, originally scheduled for January 29th, due to a number of factors, including the fact that Mr. Short needs updated assessed valuation information from the Harris County Appraisal District (the "HCAD"), as well as the status of the market place. Ms. Bobbitt added that Mr. Short is proposing to sell the Series 2008 Bonds at the Board's February 19th meeting. Ms. Bobbitt noted that the District still has over \$20 million in uncertified value. Ms. Bobbitt then presented a Resolution Requesting HCAD for an Estimated Appraisal of Property (the "Resolution") as of December 1, 2007, a copy of which is attached hereto. Upon motion by Director Marks, seconded by Director Theiss, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Resolution. Ms. Bobbitt noted that such action would be ratified at the February meeting.

APPROVE AND AUTHORIZE EXECUTION OF AN ESCROW AGREEMENT WITH TEXAS STATE BANK

Ms. Bobbitt next explained that pursuant to the Order of the Texas Commission on Environmental Quality (the "TCEQ") approving the Series 2008 Bonds dated November 13, 2007, the District was ordered to escrow a total of \$9,163,195 of the proceeds from the sale of the Series 2008 Bonds. Ms. Bobbitt then presented an Escrow Agreement by and between the District and Texas State Bank for the Board's approval and execution. Upon motion by Director Marks, seconded by Director Warren, after full discussion and the question being put to the Board, the Board voted unanimously to approve and authorize execution of the Escrow Agreement, a copy of which is attached hereto.

TAX ASSESSOR/COLLECTOR'S REPORT

The Board then recognized Ms. Hall, who presented the Tax Assessor/Collector's Report for the month of December, a copy of which is attached hereto. Ms. Hall reported that to date, 99% of the District's 2006 taxes and 12.9% of the District's 2007 taxes have been collected.

Ms. Hall went on to report that she had recently received the third (3rd) supplemental tax roll certification from HCAD, which increased the District's certified 2007 assessed valuation from \$639.5 million to \$666 million. Ms. Hall noted that \$20 million in value continues to remain uncertified.

Upon motion by Director Warren, seconded by Director Marks, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Tax Assessor/Collector's Report and to authorize payment of the checks reflected therein.

DIRECTOR'S INSPECTION REPORT

Director Steffes then reported that he and Mr. Staab had inspected the District's facilities on Monday, January 14th, but that no written report had been prepared. Director Steffes stated that the pipe gate at Castlemont, at the entrance to the Seals Gully berm, needs to be repaired. Director Steffes further reported that Mr. Staab has requested a price on a relief valve for the Rhodes Landing detention pond. Director Steffes next reported that there is a problem with graffiti on the Spring Terrace lift station fence and nearby residential fences. Director Steffes asked Mr. Conner to work with SWWC to install a gate to block access from the area between the back of the lift station and the residential fences. Director Warren then noted a problem with teenagers skateboarding on the concrete outfall slue in Spring Terrace.

Director Steffes then noted that he had observed that a North Harris County Regional Water Authority (the "NHCRWA") flushing valve located near the District is painted black. Mr. Peterson stated that he did not know why the flushing valve would be painted black.

Director Steffes suggested that reflective tape be placed on all of the District's pipe gates.

Upon motion by Director Marks, seconded by Director Warren, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Director's Inspection Report.

GENERAL MANAGER'S REPORT

Mr. Conner next reviewed the General Manager's Report, previously distributed to the Board, a copy of which is attached hereto.

Mr. Conner reported that inspection work within the District has slowed down and, therefore, the District no longer needs full-time inspection services. Mr. Conner recommended that effective February 1, 2008, Preventive Services, LP provide the District with four (4) hours of inspection services time in the District, and that the inspector work elsewhere for the remaining four (4) hours until later in the year when more development projects have started up within the District.

Concerning the maintenance of Bonds Gully, Mr. Conner reported that the brush clearing, ditch cleaning and maintenance work on Bonds Gully has been completed at a cost of \$20,600, which is \$7,000 under the original cost estimate. Mr. Conner explained that the maintenance work included both Upper and Lower Bonds Gully from FM 2920 down to the road crossing at the Progressive Pumps property. Mr. Conner then distributed photographs of the clearing and maintenance work, copies of which are attached hereto. Mr. Conner went on to report that he expects a favorable response from the United States Army Corps of Engineers (the "Corps") regarding the clearing and maintenance work that has been done. Mr. Conner added that an application is being prepared to submit to the Corps for a jurisdictional determination as

to whether Bonds Gully is a jurisdictional waterway. Mr. Conner explained that if Bonds Gully is not considered a jurisdictional waterway, the Upper Bonds Gully drainage project would be able to proceed in May, as planned. Mr. Conner further noted that if the Corps determines that Bonds Gully is a jurisdictional waterway, an 18-month application process for an individual permit will be required.

Mr. Conner went on to report that Cathco, Inc. has begun work on fire hydrant maintenance, repair and painting work.

Mr. Conner next reported that he had obtained a proposal from Southland Fence in the amount of \$1,437.20 to change the fence setback at Lift Station No. 5. Upon motion by Director Warren, seconded by Director Marks, after full discussion and the question being put to the Board, the Board voted unanimously to accept the proposal for the relocation of the fence setback at Lift Station No. 5.

Upon motion by Director Marks, seconded by Director Warren, after full discussion and the question being put to the Board, the Board voted unanimously to approve the General Manager's Report.

Director Theiss then asked about the asphalt driveway from the backyard of Dr. Moparty's home across a gas pipeline easement to the Moparty Clinic. Mr. Conner stated that he had notified the gas pipeline company about the issue. Mr. Peterson stated that Dr. Moparty does not appear to be in violation of any District rules or regulations, but that Mr. Conner needs to monitor the situation to be sure that Dr. Moparty does not build anything on the west side of the Moparty Clinic without first contacting the District. Director Warren noted that the Bridgestone Homeowners Association has filed suit against Dr. Moparty.

DELINQUENT TAX ATTORNEY'S REPORT

Ms. Hall next reviewed with the Board the Delinquent Tax Attorney's Report, a copy of which is attached hereto. Upon motion by Director Warren, seconded by Director Marks, after full discussion and the question being put to the Board, the Board voted unanimously to authorize the Delinquent Tax Attorney to issue service termination notices to account nos. 5, 7 and 10 in Section I; account nos. 2 through 6 in Section II; and account nos. 1, 2 and 6 in Section III of the Delinquent Tax Attorney's Report.

Ms. Hall then exited the meeting.

BOOKKEEPER'S REPORT

Ms. Jarmon next reviewed the Bookkeeper's Report with the Board, including the revenues and expenses of the District, the budget comparison, investment report and the checks being presented for payment, a copy of which is attached hereto. Ms. Jarmon reported that the monthly invoices had been sent to the various developers in the District for construction management services and to those developers with outstanding balances for annexations, feasibility studies and/or easement acquisitions.

Ms. Jarmon next reported on that she had received the October check from the City of Houston (the "City") for the Strategic Partnership Agreement payment, which is not reflected on tonight's Bookkeeper's Report.

Upon motion by Director Theiss, seconded by Director Marks, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Bookkeeper's Report, the investment report and the payment of the checks reflected therein.

DISCUSS DEVELOPER REIMBURSEMENT FOR BRIDGESTONE LAKES, SECTION 1 WATER, SEWER AND DRAINAGE FACILITIES

Concerning the reimbursement to Bridgestone Lakes Development Company, Inc. for construction of the water, sewer and drainage facilities to serve Bridgestone Lakes, Section 1 from the proceeds of the District's eighth (8th) bond issue, Mr. Peterson reported that Jones & Carter has received a letter from Mr. Raymond Anderson, Director of Harris County's (the "County") Public Infrastructure Department, dated January 7, 2008, in response to the District's letter dated December 19, 2007 regarding the District assuming maintenance responsibility for Bonds Gully until such time as the channel improvements are constructed and the channel is turned over to the County for maintenance. Mr. Peterson noted that Mr. Anderson has agreed to approve cancellation of the maintenance bond for the storm sewer system in Bridgestone Lakes, Sections 1 and 2 as long as the District commits to maintaining Bonds Gully until such time as the Bonds Gully improvement project is completed and accepted by the County. Mr. Peterson added that the County conducted their final inspection of the Bridgestone Lakes, Section 1 storm sewer system on January 11, 2008, which will now allow the necessary paperwork to be submitted to Commissioner's Court for cancellation of the maintenance bond for such project. Ms. Bobbitt then stated that since the Bridgestone Lakes, Section 1 water, sewer and drainage facilities passed the County inspection, that Ms. Jarmon was authorized to release the \$842,912.35 wire transfer to Mr. Hudson for the water, sewer and drainage facilities to serve Bridgestone Lakes, Section 1 on Monday, January 14, 2008.

Ms. Bobbitt then reminded the Board that Ms. Jarmon is continuing to hold reimbursements of \$125,004.49 to Mr. Hudson for the Bridgestone Lakes, Section 1 detention pond costs, which is being held until a detention pond maintenance agreement can be negotiated by and between the District, Bridgestone Lakes Development Company, Inc. and Bridgestone Lakes Community Association, Inc., and \$388,318.40 to KB Home Lone Star Inc. ("KB Home") for acquisition of the detention pond site, which is being held until certain detention pond maintenance matters are resolved with KB Home.

OPERATOR'S REPORT

Ms. Sears next reviewed the Operator's Report for the month of December with the Board, including the termination list, copies of which are attached hereto. Ms. Sears then reported that the District's four (4) month water accountability ratio was 91.2%, and that there were 24 sludge hauls during the prior month. Ms. Sears added that there are currently 4,961 connections in the District.

Ms. Sears next distributed a copy of the "Learning to Use Water Wisely" brochure provided by the NHCRWA for the Board's approval as a water conservation mail out to be sent with the District's next billing statements, a copy of which is attached hereto.

Upon motion by Director Warren, seconded by Director Marks, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Operator's Report, to authorize the termination of service to the delinquent accounts, in accordance with the provisions of the District's Rate Order, and to authorize the mailing of the "Learning to Use Water Wisely" brochure in the next customer billing statements.

ENGINEER'S REPORT

Concerning the status of the District's tenth (10th) bond application report ("BAR No. 10"), Mr. Peterson reported that Mr. Justin Taack, the TCEQ reviewer who worked on the District's ninth (9th) bond application report, has been reassigned and will not be the reviewer on BAR No. 10. Mr. Peterson further explained that the reassignment was made after Mr. Randy Nelson of the TCEQ learned that Mr. Taack's grandparents live in the District. Mr. Peterson added that he is trying to schedule a pre-submittal conference with the new TCEQ reviewer. Mr. Peterson then noted that Jones & Carter and Mr. Short cannot complete the financial analysis required for BAR No. 10 until an updated estimate of assessed valuation is received from HCAD, as mentioned earlier in the meeting.

Mr. Peterson next reported that O'Reilly's Auto Parts on FM 2920 has requested a Consent to Encroachment for a store sign to be located within the District's water line easement. Mr. Peterson stated that he is waiting on receipt of an acceptable detail drawing showing the proximity of the proposed signage to the District's water line easement.

Upon motion by Director Warren, seconded by Director Theiss, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Engineer's Report.

ATTORNEY'S REPORT

Ms. Bobbitt then reported on the status of the water line easement acquisitions for the extension of the 16-inch (16") water line along Kuykendahl Road. Ms. Bobbitt reported that Ms. Diane Allen of JRPB has reached a point in her negotiations with several landowners that require the Board to take action regarding payment offers to such landowners. Further discussion then ensued regarding payment offers to the landowners. Upon motion by Director Warren, seconded by Director Theiss, after full discussion and the question being put to the Board, the Board voted unanimously to authorize an initial offer of \$1.25 per square foot and further authorized payment of up to, but not to exceed, \$2.00 per square foot for the Kuykendahl water line easements.

Director Warren then asked for a status report on the acquisition of the Lower Bonds Gully drainage easement property. Ms. Bobbitt responded that negotiations for the necessary property were put on hold for a short period of time in connection with the issues with the Corps, but that her office is now proceeding with the land acquisitions. Mr. Conner noted that

Mr. Manis is ready to proceed with the acquisition of his property. Mr. Peterson stated that Mr. Shackelford and Mr. Conner have met with Ms. Pamela Rocchi of the County, and that the County is also ready to proceed with their participation in the Lower Bonds Gully project.

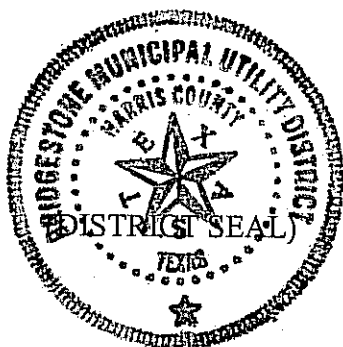
Director Warren then asked what would happen next with Bonds Gully. Mr. Conner and Mr. Peterson explained that an application will be submitted to the Corps requesting a determination as to whether Bonds Gully is a jurisdictional waterway. Mr. Conner noted that if the Corps determines Bonds Gully is not a jurisdictional waterway, the District can proceed with the improvements to Bonds Gully. If Bonds Gully is determined to be a jurisdictional waterway, there would be an 18-month to 20-month permit application process that would delay the Bonds Gully improvement project. Director Marks asked if there is any reason for the District to wait to acquire the Lower Bonds Gully easement tracts. Mr. Peterson stated that the District can proceed with acquiring the tracts, but would not be able to discharge stormwater into Bonds Gully until the jurisdictional waterway determination is resolved with the Corps.

MISCELLANEOUS MATTERS

Ms. Bobbitt reminded the Board that the next regular meeting of the Board is scheduled for Tuesday, February 19, 2008, at 7:00 p.m.

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

PASSED, APPROVED AND ADOPTED this 19th day of February, 2008.




Assistant Secretary, Board of Directors