

HARRIS COUNTY PRECINCT 4 CONSTABLE'S REPORT

Lieutenant Glaze then reviewed with the Board the Constable's Report for the month of March, a copy of which was previously distributed to the Board and is attached hereto.

Lieutenant Glaze then exited the meeting at 7:02 p.m.

CONSENT AGENDA

Director Steffes then reviewed with the Board the items reflected on the Consent Agenda. Director Steffes explained that this portion of the agenda deals with routine matters of the Board, 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 then added to the Consent Agenda Pay Estimate No. 6 and Final in the amount of \$25,323.18 from Beyer Construction, LLP ("Beyer") in connection with the extension of T. C. Jester Boulevard from Alvin A. Klein Road to FM 2920. Mr. Peterson stated that item no. B.2. on the Consent Agenda will be deferred.

Ms. Bobbitt then noted that the minutes of the executive session of December 18, 2007 were not finalized for tonight's meeting. Ms. Bobbitt asked that action on item nos. B.4 and B.5 also be deferred until the Board's next meeting.

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 following Consent Agenda items: 1) approve the minutes of the regular meeting of March 18, 2008, as written; 2) approve the following pay estimates and change order: a) Pay Estimate No. 6 and Final in the amount of \$25,323.18 from Beyer and Change Order No. 2 representing an increase of \$2,282.30 for additional pavement markings in connection with the construction of the T. C. Jester Boulevard extension from Alvin A. Klein Road to FM 2920; and b) Pay Estimate No. 11 in the amount of \$106,116.90 from Triple B Services, L.L.P. in connection with the construction of the Bella Sera detention pond; and 3) authorize execution of any necessary easements to serve various developments within the District and/or District projects.

REGULAR AGENDA

CONSIDER REQUEST FROM MR. PALUMBO REGARDING ANNEXATION OF AN 11.5-ACRE TRACT OF LAND

Mr. Peterson then introduced Mr. Palumbo, who distributed a conceptual land plan for the Rhodes Business Park, a commercial development to be located on an 11.5-acre tract of land located outside the boundaries of the District, a copy of which is attached hereto. Ms. Dold noted that Mr. Palumbo had submitted his application for service/annexation and a \$3,000 deposit for the feasibility study. Upon motion by Director Warren, seconded by Director Schkade, after full discussion and the question being put to the Board, the Board voted unanimously to authorize Jones & Carter to prepare a feasibility study for service to and annexation of the 11.5-acre tract of land.

Ms. Hall then entered the meeting at 7:06 p.m.

REVIEW AND APPROVE AUDIT REPORT FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2007

The Board next recognized Mr. Barfoot, who reviewed a draft of the District's audit report for the fiscal year ended December 31, 2007 (the "Audit"), a copy of which is attached hereto. Mr. Barfoot noted that McCall Gibson had issued an unqualified opinion on the District's audit report.

Director Marks then entered the meeting at 7:14 p.m.

Director Steffes suggested that the Board and consultants take up to one (1) week to further review and provide any additional comments on the Audit to McCall Gibson. Upon motion by Director Schkade, seconded by Director Theiss, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Audit, to authorize the President to execute the Annual Filing Affidavit, and to authorize Johnson Radcliffe to file the Audit and Affidavit with the appropriate governmental authorities.

DISCUSS STATUS OF PENDING ANNEXATIONS

Ms. Bobbitt reported that many documents and materials from Mr. David McCampbell and FM 2920 Investments, LLC ("FM 2920") for the annexation of 28.0669 acres had been submitted yesterday, but that several items, including \$2,000 of the annexation deposit, are still missing and remain outstanding.

Ms. Bobbitt then noted that all documents for the annexation of the 35.7805-acre tract owned by Howard Lederer, Trustee had been received. Ms. Bobbitt stated that she had planned to submit the applications for the City of Houston (the "City") consent to the annexations simultaneously, but that she will reconsider the matter if the items from FM 2920 are not received soon.

UPDATE ON GOSLING ROAD UTILITIES COST SHARING AGREEMENT (THE
"AGREEMENT")

Ms. Bobbitt then reported that the Agreement had been executed by the four (4) participants, and that the initial pro rata share payments had been paid by Northside Christian Church, 2920 Business Park; LP ("2920 Business Park") and Howard Lederer, Trustee. Ms. Bobbitt noted, however, that FM 2920 had not yet provided their initial pro rata share payment, which was due by April 10th.

Ms. Bobbitt then reported that in connection with the Agreement and the Gosling Road utilities project, Mr. Polley had prepared an Agreement for Financing of Facilities between the District and 2920 Business Park (the "Financing Agreement"). Ms. Bobbitt noted that such Financing Agreement is being presented for the Board's approval and execution later this evening. A copy of the Financing Agreement is attached hereto.

Concerning the acquisition of the elevated storage tank (the "EST") site from Mr. Lederer, Ms. Bobbitt reported that the closing on the site acquisition will likely take place later in the week. Ms. Jarmon noted that the funds for the purchase of the EST will be wired to the title company at closing.

TAX ASSESSOR/COLLECTOR'S REPORT

The Board then recognized Ms. Hall, who presented the Tax Assessor/Collector's Report for the month of March, a copy of which is attached hereto. Ms. Hall reported that to date, 92.6% of the District's 2007 taxes have been collected.

Ms. Hall went on to report that to date, the Harris County Appraisal District has certified \$676,694,640 of the District's 2007 assessed valuation, and that \$8,298,776 still remains uncertified. 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 Tax Assessor/Collector's Report and to authorize payment of the checks reflected therein.

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. Ms. Hall noted that the Delinquent Tax Attorney has requested Board approval for termination of service to the Willinsky delinquent account reflected in Section III of the Report. Upon motion by Director Schkade, seconded by Director Theiss, after full discussion and the question being put to the Board, the Board voted unanimously to authorize termination of service to the Willinsky account if a response concerning the delinquent account is not received within five (5) days of tonight's meeting.

Ms. Hall then reviewed a three (3) month installment payment plan letter agreement from Mr. Jose Carranza, Mr. Romulo Moline and Ms. Rosibel Carranza, a copy of which is attached to the Delinquent Tax Attorney's Report. Ms. Hall noted that the second (2nd) and third (3rd) installment payments are due on May 8th and June 8th, respectively.

Upon motion by Director Warren, seconded by Director Schkade, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Delinquent Tax Attorney's 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 first reported that Cathco, Inc., the District's fire hydrant inspection and painting contractor, has completed the fire hydrant maintenance and repair work in the Bridgestone and Bridgestone West subdivisions and has begun painting of the fire hydrants.

Mr. Conner then noted that J & L Landscape Services ("J & L") has fallen behind on their mowing schedule. Mr. Conner reported that he had spoken with the J & L owner, who stated that he had fallen behind due to rain, but was now back on schedule. Mr. Conner added that

Director Warren has stated that he would like to review the mowing contract and possibly solicit mowing proposals. Director Warren stated that the mowing should be done on Tuesdays, but that the contractor has missed several Tuesdays over the last several months. Director Theiss commented that the mower is not doing a proper cutting job when he mows. Director Marks asked Mr. Conner to send J & L a letter requesting that they adhere to the mowing schedule.

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 General Manager's Report.

DIRECTOR'S INSPECTION REPORT

Director Theiss then reported that she and Mr. Staab had inspected the District's facilities on April 14th. A copy of Director Theiss' inspection report is attached hereto. Director Theiss reported that the gray water pumps at the Wastewater Treatment Plant need to be backwashed, and that the ground storage tank water level gauge on the tank needs to be replaced.

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

Ms. Dold reminded Director Marks that he is scheduled to perform the facilities inspections for the months of May and June.

Mr. Barfoot then exited the meeting at 7:35 p.m.

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 that the bond funds from the District's \$17,015,000 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2008 were received on April 9, 2008, and noted that pages 3 and 5 of her report reflect the disbursement of the bond proceeds. Ms. Jarmon further noted that she had escrowed \$9,163,195 of the bond proceeds in accordance with the Texas Commission on Environmental Quality's (the "TCEQ") Order approving the District's ninth (9th) bond issue.

Ms. Jarmon next reported that the District had received \$2,000 from the Harris County Community Supervision and Corrections Department for site restitution. Mr. Conner explained that the payment was for damages to Ditch "C" by a resident who burned trash on the Ditch "C" slope pavement.

Mr. Conner then noted that the message regarding the \$1,000 reward the District is offering for information leading to the filing of charges against the person responsible for damage to the District's fire hydrant located just off of FM 2920 at the entrance to the Bridgestone Lakes subdivision on March 7th at 6:45 a.m. had inadvertently not been printed on the District's most recent water/sewer service bills or posted on the District's website, as requested by the Board at the March meeting.

Ms. Jarmon then reported receipt of \$27,608.68 from the City for the District's portion of the January Strategic Partnership Agreement sales tax revenue. A copy of such report is attached hereto.

Upon motion by Director Warren, seconded by Director Schkade, 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.

UPDATE ON STATUS OF BRIDGESTONE LAKES, SECTION 1 DETENTION POND MAINTENANCE AGREEMENT

Ms. Bobbitt then reported that the Bridgestone Lakes, Section 1 Detention Pond Maintenance Agreement had been drafted and forwarded to Mr. Hudson. Ms. Bobbitt added that Mr. Hudson, along with his attorney, Mr. John Cannon, are reviewing the proposed agreement.

Director Marks then reported that it appears that a concrete structure has been placed in the District's drainage easement on Mr. Fred Grundmeyer's property at FM 2920 and Bridgestone Lane. Mr. Conner noted that he had contacted Mr. Grundmeyer and told him that he would have to relocate the concrete structure.

Director Marks then asked whether the District had paid Mr. Grundmeyer \$30,000 for a drainage easement and to purchase a driving range net. Director Marks inquired if the owner of the driving range is going to reverse the direction of the driving range and stated that if he is not, Mr. Grundmeyer should return the money that was paid to him by the District to purchase the net. Ms. Bobbitt stated that she would need to review the letter agreement with Mr. Grundmeyer to provide a more detailed response to the Board on the matter.

OPERATOR'S REPORT

Mr. Staab next reviewed the Operator's Report for the month of March with the Board, including the termination list, copies of which are attached hereto. Mr. Staab then reported that the District's four (4) month water accountability ratio was 90.1%, and that there were 33 sludge hauls during the prior month. Mr. Staab added that there are currently 5,028 connections in the District.

Mr. Staab next reported that SWWC is not receiving accurate meter readings from District contractors using rental meters, and that SWWC will be implementing closer monitoring of such rental meters.

Director Warren then asked how long SWWC has been charging a 4.5% fuel surcharge to the District. Mr. Staab responded that the fuel surcharge has been reflected on the chemical

supply invoices from DXI Industries Inc., a subcontractor for SWWC, for quite some time, and that such surcharge is passed on to the District by SWWC.

Director Theiss next reported that someone is dumping sign pickets at Lift Station No. 7.

Upon motion by Director Schkade, seconded by Director Theiss, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Operator's Report and to authorize the termination of service to the delinquent accounts, in accordance with the provisions of the District's Rate Order.

ENGINEER'S REPORT

Mr. Peterson next presented the Engineer's Report, a copy of which is attached hereto.

Mr. Peterson next reported that Jones & Carter had delivered Bond Application Report No. 10 ("BAR No. 10") in the total amount of \$29,050,000 to the TCEQ on April 9th for an expedited 60-day review process. Mr. Peterson stated that he is delivering one (1) full copy of BAR No. 10 to Ms. Bobbitt at tonight's meeting.

Mr. Peterson next reported that the drawings for the EST were submitted to the TCEQ last week, and that Jones & Carter anticipates that TCEQ approval will be received within 30 to 45 days.

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 Engineer's Report.

ATTORNEY'S REPORT

Ms. Bobbitt then stated that she had nothing else further to report.

MISCELLANEOUS MATTERS

Ms. Bobbitt then reminded the Board that the next regular meeting of the Board is scheduled for Tuesday, May 20, 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 20th day of May, 2008.



Linda Theiss
Secretary, Board of Directors