

HARRIS COUNTY PRECINCT 4 CONSTABLE'S REPORT

Lieutenant Glaze then reviewed with the Board the Constable's Report for the month of May, a copy of which is attached hereto. Lieutenant Glaze noted that the manager of Uncle Sam's Bar is now in jail.

Lieutenant Glaze, Sergeant Mayes and Sergeant Walker then exited the meeting and Ms. Hall entered the meeting at 7:05 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 noted that item no. B.2 should have reflected authorizing the engineers to advertise for bids for the Gosling Road utilities extension. Mr. Polley pointed out that one (1) of the easements being presented for execution is on property owned by Director Theiss' brother-in-law. Director Theiss stated that she will abstain from voting on the matter. Director Steffes noted that item no. B.7 will be voted on separately from the other Consent Agenda items.

Upon motion by Director Schkade, seconded by Director Warren, 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 May 20, 2008 and executive sessions of March 20, 2007 and May 20, 2008, as written; 2) authorize advertising for bids for the Gosling Road utilities extension; 3) approve Pay Estimate No. 2 in the amount of \$11,150.55 from Texas Land Clearing, Inc. in connection with the clearing and grubbing of The Sanctuary project; 4) approve and authorize execution of the Amended Detention Pond Maintenance Agreement between Springbrook (Houston) Homeowners Association, Inc. (the "Springbrook HOA") and the District in a form substantially similar to that attached hereto, subject to Johnson Radcliffe finalizing the terms thereof; and 5) approve and accept conveyance of the Springbrook Plaza Detention Pond site and maintenance berm.

Upon motion by Director Warren, seconded by Director Schkade, after full discussion and the question being put to the Board, the Board voted three (3) votes in favor, with Director Theiss abstaining, and Director Marks not yet present in the meeting, to authorize execution of a 10-foot water line easement from David R. Hildebrandt and Van R. Theiss and wife Laureen G. Theiss and a 20-foot sanitary sewer easement from Howard Lederer, Trustee.

REGULAR AGENDA

ENGAGE AUDITOR TO PREPARE AUDIT REPORT ON APPLYING AGREED UPON PROCEDURES TO CONSTRUCTION, ENGINEERING AND RELATED COSTS REIMBURSABLE TO DEVELOPERS IN BOND APPLICATION NO. 10 (THE "AUP")

Ms. Dold then distributed copies of the engagement letter from McCall, Gibson and Company, PLLC ("McCall Gibson") to prepare the AUP in connection with Bond Application

Report No. 10 (BAR No. 10"), a copy of which is attached hereto. Ms. Dold noted that there are a larger number of developers receiving reimbursements from the proceeds of the District's tenth (10th) bond issue. Mr. Polley noted that the engagement letter states that the charge to prepare the AUP will be at McCall Gibson's regular hourly rates. Upon motion by Director Theiss, seconded by Director Schkade, after full discussion and the question being put to the Board, the Board voted unanimously to approve and authorize execution of the AUP engagement letter.

REVIEW AND APPROVE SERVICE/ANNEXATION FEASIBILITY STUDIES

Mr. Peterson then reviewed the service/annexation feasibility study for the 1.6676-acre commercial tract owned by Laureano and Marta Henriquez, located on the southwest corner of FM 2920 and Rhodes Road, a copy of which is attached hereto. Mr. Peterson noted that this is an updated feasibility of a feasibility study that was prepared three (3) years ago on a larger tract of land owned by Mr. and Mrs. Henriquez. Mr. Peterson reported that there is currently an auto repair shop on the tracts, and that the owner has plans to expand the building. Concerning water service, Mr. Peterson explained that there is an existing 12-inch waterline along the southern right-of-way ("ROW") of FM 2920 that will need to be extended to the property, at an estimated cost of \$59,000, South along the western ROW of Rhodes Road. Mr. Peterson noted that the owner will also need to grant a 10-foot waterline easement across the tract along the western ROW of Rhodes Road. Mr. Peterson added that the owner will also be responsible for the cost of the water tap and inspection by SWWC.

Concerning sanitary sewer service, Mr. Peterson further explained that the District has an existing manhole located at the southeast corner of the existing Shell Gas Station on the southwest corner of Rhodes Road and FM 2920. Mr. Peterson noted that a private grinder pump and lift station may be required to pump the wastewater flow through a force main to be constructed for the tract. Mr. Peterson added that the construction cost of the private grinder pump and lift station will be the responsibility of the property owner.

Mr. Peterson then noted that the owner is also responsible for determining the drainage outfall and any detention requirements for the 1.6676-acre tract.

In summary, Mr. Peterson stated that the owner will be responsible for funding the extension of the waterline, and that such cost would be reimbursable, and that the owner will also be responsible for the construction of the private sanitary sewer line, grinder pump and lift station. Mr. Peterson added that Jones & Carter will also need to review any plans for the expansion of the auto repair shop.

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 updated service/annexation feasibility study for the 1.6676-acre tract owned by Mr. and Ms. Henriquez.

Mr. Peterson next reviewed the service/annexation feasibility study for the 3.4-acre commercial tract owned by Steven H. Clegg and Marc D. Ashley (the "Clegg/Ashley Tract"), a copy of which is attached hereto. Mr. Peterson noted that the Clegg/Ashley Tract is located southeast of the intersection of the future Gosling Road and Kuykendahl Road. Concerning water service, Mr. Peterson explained that there is a planned/proposed 16-inch waterline that will

run along the northeastern ROW of Kuykendahl Road from Lift Station No. 5 to Rhodes Road, and that such project will be funded by the District. Mr. Peterson went on to explain that the Clegg/Ashley Tract can receive water service from Kuykendahl Road without requiring any further water line extension. Mr. Peterson further stated that the owner will be responsible for the cost of the water tap and inspection by SWWC.

Mr. Peterson next explained that there is a proposed eight (8) inch sanitary sewer line to be installed along the southern ROW of Seals Gully in a 25-foot sanitary sewer easement as part of the Gosling Road utilities project. Mr. Peterson stated that the owner will be responsible for the extension of the sanitary sewer line from the southeastern corner of the Northside Christian Church tract ("Northside") to the northwestern property line of the Clegg/Ashley Tract along the northeast ROW of Kuykendahl Road in a 15-foot sanitary sewer line easement. Mr. Peterson added that the owner will be responsible for the cost to extend the eight (8) inch sanitary sewer line from Northside to the Clegg/Ashley Tract. Mr. Peterson added that the owner will also be responsible for all on-site water, sewer and drainage lines, and that the plans and specifications for such line will need to be submitted to Jones & Carter for review and approval.

Mr. Peterson went on to explain that the bond issue requirement for the project will be approximately \$168,000. Mr. Peterson further stated that the project is financially feasible, but noted that the District may not have adequate authorized bonds to reimburse the developer for project-wide costs without holding another bond election.

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 service/annexation feasibility study for the Clegg/Ashley Tract.

Director Marks then entered the meeting at 7:18 p.m.

Director Steffes then noted that he will move the Operator's Report up on the agenda to accommodate Ms. Sears. Director Steffes also stated that in the future, Mr. Conner will be phasing in several new procedures to streamline the Board meetings.

OPERATOR'S REPORT

Ms. Sears next presented the Operator's Report for the month of May with the Board, including the termination list, previously distributed to the Board, copies of which are attached hereto. According to the report, the District's four (4) month water accountability ratio was 89%, the monthly ratio was 90%, there were 34 sludge hauls during the prior month, and there are currently 5,102 connections in the District.

Mr. Staab then distributed a cost estimate from Clements Fence Co. ("Clements") for a nine (9) foot commercial grade chain link fence and single swing gate at the Rhodes Road detention pond control panel site in the amount of \$2,333, a copy of which is attached hereto. A discussion then ensued regarding whether or not the District needs to install such fences. Director Marks asked questions about who is usually responsible for installing fences around detention ponds. Mr. Conner responded that the developers or the homeowners associations typically fence the detention ponds areas. Mr. Conner stated that the District only fences plant

sites and lift station sites to safeguard the District's facilities. Director Marks then asked why the District installed a gate at the Spring Terrace lift station access road. Mr. Conner reminded the Board that the District installed such gate to deter traffic and vandalism at the Spring Terrace lift station site. Director Warren stated that he would rather have a wood fence than a chain link fence around the Rhodes Road detention pond control panel. 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 Mr. Conner to obtain two (2) cost estimates for an eight (8) foot wood fence and gate to enclose the Rhodes Landing detention pond control panel site for the Board's review.

Director Steffes then asked Mr. Staab to obtain a cost estimate for a James Hardy Plank fence at the elevated storage tank site and bring it to the Board for review.

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 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 approve and authorize distribution of the District's 2007 Consumer Confidence Report.

TAX ASSESSOR/COLLECTOR'S REPORT

The Board then recognized Ms. Hall, who presented the Tax Assessor/Collector's Report for the month of May, a copy of which is attached hereto. Ms. Hall reported that to date, 95.2% 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 \$683,763,758 of the District's 2007 assessed valuation, and that \$1,230,870 still remains uncertified.

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 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 Carranza/Molina/Carranza delinquent account reflected as item no. 3 in Section III of the Report, if they fail to pay their final installment payment on their delinquent taxes by Monday, June 23, 2008. 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 termination of service to the Carranza/Molina/Carranza delinquent account if the final installment payment is not received by Monday, June 23, 2008.

Ms. Sears then confirmed that service is still off for the Scott account at 21218 Pinewalk Brook Lane.

The Board then asked Ms. Hall to get the monthly tax-related checks printed and delivered to Director Steffes, via courier, on the Friday before the regular monthly meeting date.

Ms. Hall stated that she will have the checks prepared and delivered to Director Steffes and will continue to email the monthly Tax Assessor/Collector's Report to the Board and consultants.

Ms. Sears then exited the meeting

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 then distributed two (2) cost estimates from Clements and H&R Operator Services, Inc. for the installation of a wireless keypad access system at the District's Sewage Treatment Plant (the "STP"), copies of which are attached hereto. Mr. Conner noted that the \$14,493 bid from Clements was the low bid on the proposed project. Director Schkade asked where Mr. Conner found these contractors. Mr. Conner responded that SWWC has worked with both contractors. Mr. Conner then explained that the wireless access system could be programmed to allow multiple codes for multiple users. Director Marks asked if the system could be upgraded to include other District plant sites. Mr. Conner responded that the proposed wireless system has a limited range of 15,000 feet and, therefore, could not be shared with other facilities. Following further discussion, the Board tabled action on this matter.

Mr. Conner then reported receipt of a letter from the Windrose Community Association (the "Windrose Association") requesting that the District install landscaping in the Springbrook development along the extension of T. C. Jester Boulevard from FM 2920 to Alvin A. Klein Road, a copy of which is attached hereto. Mr. Conner informed the Board that he had contacted Ms. Pamela Bailey, who is the Windrose Association's manager, to let her know that the District is not responsible for providing landscaping in the area, and that she should direct the request to the Springbrook HOA. The Board concurred and took no action on the Windrose Association's request.

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 General Manager's Report.

DIRECTOR'S INSPECTION REPORT

Director Marks then reported that he and Mr. Staab had inspected the District's facilities on June 12, 2008. A copy of the Director's Inspection Report is attached hereto. Director Marks informed the Board that all of the District's facilities were in great shape. Director Marks asked if the digester at the STP could be pressure washed or re-coated to improve its appearance. Mr. Peterson suggested that pressure washing be tried first, and stated that he will obtain a cost estimate for re-coating the digester, if such work is necessary.

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 Director's Inspection Report.

Ms. Dold noted that Director Warren is scheduled to inspect the District's facilities for the months of July and August.

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 reported that she had received two (2) checks since she prepared the Bookkeeper's Report, including: (1) a check from the Springbrook HOA in the amount of \$11,700 for detention pond maintenance costs from January through June 2008; and (2) a check from the City of Houston for the District's portion of the March Strategic Partnership Agreement sales taxes in the amount of \$46,499.67.

Director Steffes then asked Mr. Conner to speak with Mr. Mike Harrington about options for extending the District's energy provider contract beyond the current contract term that ends in 2010.

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 Bookkeeper's Report, the investment report and the payment of the checks reflected therein.

Ms. Hall then exited the meeting at 8:05 p.m.

ENGINEER'S REPORT

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

Mr. Peterson first reported that the District had received a letter from the Texas Commission on Environmental Quality (the "TCEQ") removing BAR No. 10 from the 60-day expedited review process, a copy of which is attached hereto. Mr. Peterson went on to explain that he and Mr. Conner had met with Messrs. Randy Nelson, Eddie DeRusse and Lyndon Poole, of the TCEQ, earlier today to review all the items that were reflected in the TCEQ letter. Mr. Peterson noted that of the 26 items listed in the letter, 24 of the items were included in BAR No. 10 as originally filed with the TCEQ, but had been missed. Mr. Peterson added that it appears that the TCEQ letter from Mr. Poole was sent to the District without review by his superiors. Mr. Peterson explained that Jones & Carter will prepare a response letter to the TCEQ, withdraw BAR No. 10 from the current 60-day expedited review process, and resubmit BAR No. 10 to the TCEQ for a new 60-day expedited review. Director Schkade stated that he thinks the trips to the TCEQ to discuss the bond application reports are advantageous and will be beneficial to the District in the long term. Director Marks then asked if Jones & Carter can track the extra costs incurred by the District due to delays caused by the TCEQ's review team. Mr. Peterson responded that he will work on trying to identify such expenses.

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 and authorize execution of the plat for Water Plant No. 5.

ATTORNEY'S REPORT

Mr. Polley stated he had nothing additional to report.

MISCELLANEOUS MATTERS

Director Marks then commented that it was nice to receive the minutes of the May meeting well in advance of tonight's meeting.

Mr. Polley reminded the Board that the next regular meeting of the Board is scheduled for Tuesday, July 15, 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 15th day of July, 2008.


Secretary, Board of Directors

