

HARRIS COUNTY PRECINCT 4 CONSTABLE'S REPORT

Lieutenant Glaze then reviewed the Constable's Report for the month of July, a copy of which is attached hereto. Lieutenant Glaze reported that 85% of the calls for the month of July were responding to calls/problems at the Wal-Mart located in the District.

Lieutenant Glaze then exited the meeting at 7:05 p.m.

HEAR FROM THE PUBLIC

The Board then recognized Mr. Cantrell, a resident of 20615 Springlight Lane within the District. Mr. Cantrell explained that he has his new home mortgage with Countrywide Mortgage, and was told at the time of closing that his 2007 taxes would be prorated and paid by the title company. Mr. Cantrell stated that he has received a delinquent tax statement from the District in the amount of \$1,193.32 regarding his 2007 taxes and asked the Board for an installment payment plan. Mr. Cantrell offered to pay \$700 now, then four (4) monthly payments of \$125 and pay the final outstanding balance thereafter. 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 Mr. Cantrell's request for an installment payment plan on his 2007 delinquent taxes. Mr. Cantrell then provided a check for \$700 to Mr. East.

Mr. Cantrell exited the meeting at 7:10 p.m.

CONSENT AGENDA

Director Warren suggested that action on the minutes of the July 15, 2008 minutes be deferred until Director Marks arrives at the meeting. Ms. Bobbitt then noted 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 explained that the Jones & Carter report includes Pay Estimate No. 1 and Final from Bicknell Construction ("Bicknell") in the amount of \$49,817.75 in connection with the utility extensions along Spring Cypress Road. Mr. Shackelford added that Change Order No. 2 from the Texas Department of Transportation ("TxDOT") in the amount of \$65,254.31 (\$6,466.64 of which is the District's share) in connection with construction of the FM 1920 box culverts is also being presented for approval, a copy of which is attached hereto. Mr. Shackelford explained that the change order provides for the reduction in quantity on one (1) item of work (five (5) foot wingwalls) and the addition of one (1) item of work (10-foot wingwalls) to the contract.

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) authorize Jones & Carter to advertise for bids for the Bonds Gully modification project; 2) approve the following pay estimates and change order: a) Pay Estimate No. 6 in the amount of \$73,122.63 from C. E. Barker, Ltd. in connection with the water, sewer and drainage facilities to serve Gosling Pines, Section 2; b) Pay Estimate No. 1 and Final in the

amount of \$49,817.75 from Bicknell in connection with the extension of utilities along Spring Cypress Road; c) Change Order No. 2 in the amount of \$65,254.31 from TxDOT in connection with the construction of the FM 2920 box culverts; 3) approve and accept conveyance of the Springbrook Plaza detention pond site and maintenance berm; and 4) authorize execution of the Amended Springbrook Detention Pond Maintenance Agreement, a copy of which is attached hereto.

REGULAR AGENDA

APPROVE AND AUTHORIZE EXECUTION OF INTERLOCAL TURF ESTABLISHMENT AGREEMENT FOR UPPER BONDS GULLY (THE "AGREEMENT") WITH HARRIS COUNTY FLOOD CONTROL DISTRICT ("HCFCD")

Mr. Shackelford then explained that the District had previously entered into a similar agreement concerning Ditches "A" and "B" with HCFCD. Mr. Shackelford noted that the District will pay \$8,527.66 to HCFCD to establish the turf following the completion of the Upper Bonds Gully modifications and eventually, it is anticipated that the HCFCD will accept the facility for maintenance.

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 and authorize execution of the Agreement, a copy of which is attached hereto.

DISCUSS REQUEST FROM ACMI, INC. FOR SPECIAL IRRIGATION RATE FOR BRIDGESTONE LAKES, GOSLING PINES, SENTERRA LAKES, VILLAGES OF SENTERRA LAKES AND BELLA SERA SUBDIVISIONS

Mr. Conner next reported that the Board had reviewed and discussed the request from ACMI, Inc. ("ACMI"), the homeowner association management company for the Bridgestone Lakes, Gosling Pines, Senterra Lakes, Villages of Senterra Lakes and Bella Sera subdivisions, for a special irrigation rate with the Board at the special meeting held on August 12, 2008. 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 deny the ACMI request.

ADOPT ORDER ADOPTING AMENDED CONSOLIDATED RATE ORDER AND AMENDED RULES AND REGULATIONS; ADOPTING DROUGHT CONTINGENCY PLAN; ESTABLISHING A WASTEWATER CONTROL ORDER; ESTABLISHING CERTAIN OTHER POLICIES; AND PROVIDING PENALTIES FOR VIOLATION THEREOF (THE "AMENDED RATE ORDER")

Ms. Bobbitt then presented the Board with a proposed Amended Rate Order, a copy of which is attached hereto, reflecting an increase in the enforcement penalties as a result of the recent increase in the jurisdictional limits of the Justice of the Peace courts, as set forth in the Texas Government Code, Section 27.031. Ms. Bobbitt explained that the notice of the change in the penalty amounts will be published in the Houston Chronicle for all of Johnson Radcliffe's utility district clients that are implementing such change, in order to be as cost efficient as possible. 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 adopt the Amended Rate Order, to be effective as of September 1, 2008.

TAX ASSESSOR/COLLECTOR'S REPORT

The Board then recognized Ms. Hall, who presented the Tax Assessor/Collector's Report for the month of July, a copy of which is attached hereto. Ms. Hall reported that to date, 97.0% of the District's 2007 taxes have been collected. Ms. Hall went on to report that no changes had occurred since she had submitted the electronic version of her report to the Board prior to the meeting.

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 Tax Assessor/Collector's Report and to authorize payment of the checks reflected therein.

DELINQUENT TAX ATTORNEY'S REPORT

Mr. East next reviewed with the Board the Delinquent Tax Attorney's Report, a copy of which is attached hereto. Mr. East noted that Section I of the Delinquent Tax Attorney's Report reflects a list of 48 delinquent 2007 tax accounts that had been paid in full since the Board's last meeting. Mr. East then reviewed Section II of the Report containing a list of owners that had responded to the service termination letter. The Board concurred that service should be terminated to the following delinquent tax accounts: 1) Paul Peace's Body Shop Inc. at 18955 Kuykendahl Road; 2) Ronald C. Johnson at 6527 Winter Mountain Lane; 3) Edwin G. and Norma Guerra at 4619 Neches Trail Lane, if not paid by August 31, 2008; and 4) Adam and Rosie Martinez at 4511 Shalom Creek Lane, if not paid by September 6, 2008.

Concerning Section III of the Report, reflecting a list of 54 delinquent tax accounts that did not respond to the service termination letter, Mr. East recommended that SWWC tag the resident doors on September 4, 2008 and terminate service on September 9, 2008, if the delinquent accounts are not paid by such date.

Mr. Hudson then entered the meeting at 7:25 p.m.

Mr. East next reviewed Section IV of the Report, reflecting a list of delinquent tax accounts that are not candidates for service termination this month. Mr. East stated that another demand letter will be sent to Brent D. and Holly Munsinger at 22303 Bridgestone Palm Court. Concerning Patricia A. Glaser at 21406 Bridgepoint Lane, Mr. East reported that Ms. Glaser has made three (3) of the four (4) installment payments on her 2006 delinquent taxes and has now asked for an installment payment plan for her 2007 delinquent taxes.

Director Marks entered the meeting at 7:30 p.m.

Director Warren then asked for an explanation regarding the two (2) accounts reflected in Section VII of the Report. Mr. East noted that both accounts had paid the 2007 taxes, but owed past years' taxes. Mr. East stated that the past years' taxes would eventually be paid by the mortgage companies or when the property is sold.

Mr. East next reported that nine (9) letters had been received from delinquent taxpayers requesting installment payment plans on their 2007 delinquent taxes. Copies of such letters are attached to the Delinquent Tax Attorney's Report. The Board concurred that all the delinquent taxpayers be given until December 15, 2008 to pay their delinquent taxes in full. The Board further authorized Mr. East to offer similar installment payment plans to any other taxpayers who request installment payment plans, and that such plans are not to extend beyond December 15, 2008.

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 the termination of service to the delinquent tax accounts outlined above, to approve installment payment plans for the nine (9) taxpayers who sent correspondence to the District, and to authorize Mr. East to extend installment payment plans to additional delinquent taxpayers requesting installment payment plans up to, but not beyond, December 15, 2008.

Mr. East then exited the meeting at 7:42 p.m.

RENEWAL OF DISTRICT INSURANCE COVERAGES

Mr. Conner then explained that following the Board's special meeting on August 12, 2008, he had requested additional explanations of coverages from The Essential Insurance Group, LLC, AquaSurance, L.L.C. and Anco-McDonald Waterworks Insurance Services, L.L.C. Mr. Conner distributed response letters from the insurance representatives for the Board's review, copies of which are attached hereto. Mr. Conner noted that the District's current coverage expires September 30, 2008. The Board concurred that action on the renewal of the District's insurance coverage be deferred until the special meeting scheduled for Tuesday, September 2, 2008.

REQUEST FROM COUNTY PRECINCT 4 FOR SERVICE TO SPRING CAMP

Mr. Shackelford then reported that County Precinct 4 has requested water service from the District to serve the County's Spring Camp located at 4603 Spring Cypress Road (the "Spring Camp"). A copy of the letter requesting service is attached hereto. Mr. Shackelford explained that if the Board approves the request, Jones & Carter will work up an estimate of costs associated with extending a three (3) inch water line to the Spring Camp and forward it to the County for review and approval. Ms. Bobbitt stated that the Board may want to amend the District's Rate Order to establish an out-of-District governmental service rate. Upon motion by Director Theiss, seconded by Director Warren, after full discussion and the question being put to the Board, the Board voted unanimously to authorize Jones & Carter to prepare a feasibility study and cost estimate for the District to provide water service to the County's Spring Camp.

PROPOSED INTERLOCAL AGREEMENT (THE "INTERLOCAL AGREEMENT") WITH THE COUNTY REGARDING ADDITIONAL DETENTION CAPACITY

Mr. Shackelford explained that the proposed Interlocal Agreement will provide the additional detention capacity the District requires in order to provide drainage to The Sanctuary development as required by the Annexation Agreement between the District and Fanta Partnership (the "Fanta Agreement"), dated February 10, 1983. Mr. Conner stated that he is

scheduling a meeting with the County to work on finalizing the draft of the Interlocal Agreement. Mr. Shackelford reminded the Board that the County will be allowing the District to utilize an existing County detention pond and land in exchange for the District expanding/excavating additional detention pond capacity.

Director Warren then asked about the status of acquiring the drainage easements for the Lower Bonds Gully project. Mr. Conner responded that negotiations are ongoing regarding the drainage easements for the Lower Bonds Gully project, and noted that Jones & Carter is working to resolve certain hydrology/drainage capacity issues.

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 and authorize execution of the proposed Interlocal Agreement with the County for additional detention capacity in order to satisfy the District's drainage capacity obligations for The Sanctuary development under the provisions of the Fanta Agreement.

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 Southland Fence had submitted a bid of \$2,013 to construct a wooden fence, rather than a chain link fence, for the Rhodes Landing control panel site, and that installation of such fence has been completed.

Ms. Hall then exited the meeting at 7:56 p.m.

Mr. Conner next reported that bids for the cleaning and televising of the sanitary sewer lines in the Bridgestone and Bridgestone West subdivisions will be obtained in November. Mr. Conner then requested Board authorization for Jones & Carter to prepare the plans and specifications for such work and proceed with advertising for bids for the project. 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 the plans and specifications and proceed with advertising for bids for the cleaning and televising of the sanitary sewer lines in the Bridgestone and Bridgestone West subdivisions.

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 General Manager's Report.

DIRECTOR'S INSPECTION REPORT

Director Warren then reported that he and Mr. Staab had inspected the District's facilities on August 18, 2008. A copy of Director Warren's Inspection Report is attached hereto. Director Warren noted that he would like to see the District install a baseball backstop in the park. Director Warren then informed the Board that all of the District's plant sites were in great shape.

Concerning Lift Station No. 5, Director Warren reported that Mr. Staab has suggested that a back access gate could be installed to make access to the lift station easier. Director Warren added that there appears to be a potential problem with flooding at Lift Station No. 5 due to its location. Mr. Peterson responded that Jones & Carter addressed the flow of storm water with the design engineer prior to construction of the lift station. Mr. Peterson explained that the site was to be elevated with a swale around the perimeter. Mr. Peterson noted that Jones & Carter is already looking into installing a back access gate at Lift Station No. 5. Mr. Conner noted that NewQuest Properties is the owner of the land behind Lift Station No. 5, and that the District will likely need their consent to add the access gate. Director Theiss asked why the back access gate was not addressed when the lift station was constructed. Mr. Peterson responded that the lift station was built in 2007 and since that time, Kuykendahl Road has been widened and as a result, the front driveway to the lift station has been impacted. Director Warren then stated that all of the lift stations need to have landscaping installed around them. Mr. Shackelford noted that the driveway into Lift Station No. 6 will be shorter with the extension of Kuykendahl Road. Further discussion then ensued regarding the District's various lift stations.

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 the Director's Inspection Report.

Ms. Dold noted that Director Schkade will be responsible for District inspections for the months of September and October.

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 further reported that during the prior month, she had received \$23,000 in District tap fees and received \$30,353.60 from the City of Houston for the District's share of the April Strategic Partnership Agreement ("SPA") sales tax revenue. A copy of such report is attached hereto.

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.

OPERATOR'S REPORT

Mr. Orsak then introduced himself to the Board.

Mr. Staab next presented the Operator's Report for the month of July to 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

90.5%, the monthly ratio was 89.5%, there were 27 sludge hauls during the prior month, and there are currently 5,175 connections in the District. Mr. Staab stated he had nothing further to add to his written report.

Concerning the recent violation notices from the Texas Commission on Environmental Quality (the "TCEQ"), Mr. Staab reported that due to the higher number of connections in the District, the TCEQ requires a greater number of bacteriological samples, and SWWC's contractor failed to collect the correct number of bacteriological samples in May and June. Mr. Staab stated that SWWC prepared and distributed a letter of explanation to the District's residents in the most recent customer billing statements. Director Marks asked whether SWWC paid for all the related costs of the notice to the customers. Mr. Staab responded that SWWC did pay for the notice that was provided to the District's customers.

Director Marks then further expressed his disappointment that SWWC did not make any announcement about the departure of Ms. Karen Sears. Director Marks stated that he had learned Ms. Sears was no longer with SWWC at the August 12, 2008 special Board meeting. Director Marks noted that he had sent several emails to Ms. Sears following the July meeting and received no response. Mr. Orsak then addressed the Board and apologized for the lack of communication from SWWC concerning Ms. Sears leaving the company, and stated that he was responsible for such lack of communication. Mr. Orsak stated that Ms. Claudine Pacioni has been assigned as Mr. Staab's office counterpart. Director Marks stated that SWWC had made a mistake by not notifying the Board about Ms. Sears.

Director Schkade then asked about the identification of new commercial entities within the SPA area. Mr. Conner stated that he is working with SWWC to identify and monitor the incoming and outgoing commercial businesses within the SPA designated area. Director Marks asked if SWWC was conducting the monthly grease trap inspections. Mr. Staab confirmed that SWWC is performing the monthly grease trap inspections, and that they are also tracking the commercial taps in the District.

Director Schkade then asked Mr. Glunt why six (6) fire hydrants at The Sanctuary were open and running. Mr. Glunt responded that the water line installation had been completed, and that the new lines were being flushed.

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 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 then stated that no changes have been made to the Engineer's Report that was previously distributed to the Board prior to tonight's meeting. A copy of the Engineer's Report is attached hereto.

Mr. Peterson reported that on April 15, 2008, he had met with Mr. Linden Poole, the TCEQ representative assigned to review the District's pending Bond Application Report ("BAR") No. 10, and that they had toured the various projects that are included in BAR No. 10.

Mr. Peterson noted that the 60-day expedited review period expires on August 30th, and that Mr. Poole had stated that he is several weeks behind in his review schedule, and that he will likely not complete his review of BAR No. 10 until after that date.

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.

Mr. Early then addressed the Board and stated that K. Hovnanian has acquired the reimbursables for Bridgestone Lakes, Section 4, and asked whether the amount of BAR No. 11 has been determined. Mr. Conner responded that the size of BAR No. 11 has not yet been finalized. Mr. Conner noted that BAR No. 11 will likely be in the range of \$10 million or slightly higher, if market conditions and the District property valuation permits.

ATTORNEY'S REPORT

Ms. Bobbitt reported that she would like the Board to convene in executive session to discuss the status of acquisition of the sanitary sewer easement from Mr. Alamdari.

EXECUTIVE SESSION

Director Marks then adjourned the regular meeting at 8:40 p.m. and announced that the Board would convene in executive session pursuant to Section 551.071(1)(A), Texas Government Code, as amended, to consult with the District's attorney regarding attorney/client privilege matters and to discuss pending or contemplated litigation. The members of the Board, Mr. Conner, Mr. Shackelford, Mr. Peterson, Ms. Jarmon, Ms. Bobbitt and Ms. Dold remained in the executive session, at which time all other persons in attendance at the meeting exited the meeting room.

RECONVENE IN OPEN SESSION

Director Marks then reconvened the meeting in open session at 8:50 p.m., at which time the Board took the following action. Upon motion by Director Warren, seconded by Director Schkade, after full discussion and the question being put to the Board the Board, the Board voted unanimously to authorize Johnson Radcliffe to offer up to the maximum amount discussed in executive session to Mr. Rouzbeh Alamdari for the 0.051-acre sanitary sewer line easement.

APPROVAL OF THE MINUTES

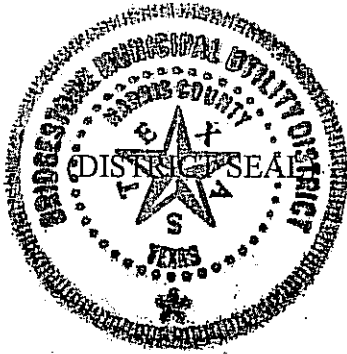
Upon motion by Director Theiss, seconded by Director Schkade, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the regular meeting and executive session of July 15, 2008, as written.

MISCELLANEOUS MATTERS

Ms. Bobbitt reminded the Board that the next regular meeting of the Board is scheduled for Tuesday, September 16, 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 16th day of September, 2008.



Lynnda Hein
Secretary, Board of Directors