

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 stated that the Pay Estimate from Marlon Ivy for the waterline relocation on FM 2920 (agenda item no. A.3.d.) needs to be revised. Mr. Peterson also asked that Change Order No. 2 from Rebel Dozer Service & Construction, Ltd. ("Rebel Dozer") in the amount of \$521.18 for irrigation and landscaping be added to the Consent Agenda.

Ms. Bobbitt noted that agenda item no. A.2.5 is being removed from the Consent Agenda.

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 following Consent Agenda items: 1) approve the minutes of the regular meeting of September 18, 2007; 2) award the construction contract to Menendez-Donnell & Associates, Inc. in the amount of \$148,250 for construction of the public waterline along Kuykendahl Road; 3) approve the following pay estimates and change orders: a) Pay Estimate No. 3 and Final in the amount of \$25,643.13 and Change Order No. 2 in the amount of \$521.18 from Rebel Dozer in connection with the construction of the six (6) inch sanitary sewer force main; and 4) authorize execution of any necessary easements to serve various District developments/projects.

HEAR FROM THE PUBLIC

Director Steffes next recognized Scout Glover, who is attending the meeting to meet requirements for his communications badge.

REGULAR AGENDA

DISCUSS GARBAGE COLLECTION SERVICE ISSUES

Mr. Smith then distributed a packet of information containing the chronological order of events and photographs regarding the failure of Republic to pick-up trash at 4218 Shalom in the Bridgestone subdivision on Thursday, August 2nd, Monday, August 6th, and Thursday, August 9th, a copy of which is attached hereto. Mr. Smith noted that the amount of yard and household debris exceeded the guidelines contained in Republic's contract with the District and also contained construction debris, citing Section 5.08(d) of the contract. Mr. Smith added that he did his best to notify everyone of the issue prior to leaving vacation. Mr. Smith also stated that the owner of the property, Ms. Parker, was informed that an independent hauler should be hired or that Republic would haul the trash away for an additional charge of \$150. Mr. Smith added that he had emailed photographs of the trash in question to Mr. Conner, Ms. Dold and Ms. Jane Hartman of Chaparral Management, manager of the Bridgestone Homeowners Association ("HOA"), but noted that Mr. Conner and Ms. Dold did not receive copies of the photographs until they were sent again earlier this month. Mr. Smith further explained that when he returned from vacation, he found an invoice from the HOA on his desk for removal and

disposal of the trash and had contacted Ms. Hartman about the matter. Mr. Smith further stated that he believes the garbage pick-up crew that did not pick up the garbage made a wise decision, because the amount of garbage was not within the guidelines of the contract.

Director Marks asked Mr. Smith about his definition of demolition debris. Mr. Smith responded that the waste at the residence was reported by his crew to have been the result of a resident vacating the house, not from demolition or construction. Mr. Smith further stated that Republic's contract with the District states that garbage and trash shall not exceed one (1) cubic yard. Director Schkade questioned the number of bundles that is acceptable. Mr. Smith responded that one (1) cubic yard of trash is acceptable, but that Republic often collects larger amounts from residences on a regular basis. Director Schkade questioned why the crew did not pick up at least some of the garbage one (1) day and collect any remaining amounts on the next collection day.

Director Warren then introduced Mr. and Ms. Parker to the Board. Ms. Parker came forward and explained that she is the owner of the rental property at 4218 Shalom, and that she had contracted for the tree trimming and yard clean-up after the tenants had vacated the property. Ms. Parker stated that the clean-up crew reported to her that Republic's crew would not take just a portion of the trash and would not allow the tree trimming crew to load any of the trash onto the garbage truck. Mr. Smith stated that for liability reasons, Republic cannot allow anyone but their crews to put trash into their garbage trucks.

Director Warren then stated that only he and Director Schkade actually saw and observed the trash and, because it was not collected on three (3) consecutive trash collection days, he hired some boys to help load the trash for him to haul off. Director Warren noted that it took five (5) loads to haul off all of the trash. Director Warren then requested that the District request reimbursement from Republic to reimburse the HOA for the costs they incurred.

Director Steffes suggested that the District put something on the District's website informing residents about who to call if they have a large amount of trash to be collected.

Mr. Smith stated that two (2) customer calls were logged-in on August 6th regarding this address out of a total of 34 calls that month. Mr. Smith added that generally, Republic responds very quickly to complaints and provides good service.

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 reimburse \$154.95 to the HOA for the trash hauling expense. Director Steffes further requested that Mr. Conner work with Mr. Smith to provide guidelines for residents regarding what trash items are acceptable for collection and what are not acceptable.

Sergeant Dean Coleman then entered the meeting and Mr. and Ms. Parker exited the meeting at 7:30 p.m.

CONSIDER REQUEST FOR SERVICE/ANNEXATION OF 2.5-ACRE TRACT OF LAND

Mr. Peterson then reported that he had received an application and \$3,000 deposit check requesting a feasibility study for the annexation of the 2.5-acre My Family Vet tract of land that

is located at 20120 Kuykendahl Road on the east side of the road between FM 2920 and Spring Cypress Road. 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 authorize the engineer to prepare a feasibility study for service to and annexation of the 2.5-acre tract.

TAX ASSESSOR/COLLECTOR'S REPORT

The Board then recognized Ms. Hall, who presented the Tax Assessor/Collector's Report for the month of September, a copy of which is attached hereto. Ms. Hall reported that to date, 97.7 % of the District's 2006 taxes have been collected.

Concerning the Delinquent Tax Attorney's Report, a copy of which is attached hereto, Director Warren made a motion to accept the \$200 per month installment payment plan until the delinquent 2003 and 2004 taxes are paid in full from MayMay Enterprises, Inc. DBA Rigia's Pizza ("Rigia's Pizza"), currently in the amount of \$1,126.59. It was then noted that typically, the District requires delinquent taxpayers to get current before the next year's taxes are due. Ms. Bobbitt reported that she and Mr. Polley had talked with Mr. Greg East of Perdue, Brandon, Fielder, Collins & Mott, L.L.P. ("Perdue Brandon"), the District's delinquent tax attorney, regarding the matter and recommend that the Board not allow the installment payment plan to extend past January 31, 2008. Director Steffes then asked if there was a second to Director Warren's motion and, receiving none, the motion died. Upon motion by Director Thiess, seconded by Director Schkade, after full discussion and the question being put to the Board, the Board voted unanimously to accept an installment payment plan from Rigia's Pizza whereby the taxpayer makes equal monthly payments, such that the entire amount of 2003 and 2004 delinquent taxes are paid by January 31, 2008.

Director Marks then stated that the Board should adopt a policy that it would not consider installment payment plan requests unless they contain the requirement that payment in full is due by January 31st of the next year.

Ms. Bobbitt then noted that she and Mr. Polley also discussed with Mr. East the large number of accounts on the delinquent list. Ms. Bobbitt reported that Mr. East had explained that the reason so many delinquent suits have been filed is that Perdue Brandon also represents Klein Independent School District, who always files suit against delinquent tax accounts. Ms. Bobbitt added that Mr. East stated that it is not a good idea to terminate service and also file a lawsuit against a delinquent taxpayer. Director Warren questioned whether it would be advisable to terminate service on some of the delinquent tax accounts. Ms. Bobbitt stated that because lawsuits have already been filed, it is too late to consider terminating the delinquent accounts this year, but that the District should consider termination of service at an earlier date in the future, since doing so would likely result in more timely resolution of the delinquent accounts. The Board agreed that they would consider service terminations as early as July or August next year.

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, to authorize payment of the checks reflected therein and to approve the Delinquent Tax Attorney's Report.

DISCUSS 2007 TAX RATE

Mr. Short then revisited his previous recommendation for the 2007 tax rate with the Board. Mr. Short stated that at last month's meeting, he had assumed that the increase in home values was attributed to new construction and not necessarily an increase in the value of older existing homes. Mr. Short further explained that the values of all homes in the District have increased by approximately 9%. Mr. Short then noted that the Board could elect to decrease the tax rate by one (1) or two (2) cents, which would result in a reduction of tax collections. Mr. Short emphasized that such a decrease in the tax rate would result in a reduction of the District's borrowing power. Further discussion of the tax rate then ensued. 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 retain the District's debt tax rate of \$0.50 per \$100 of assessed valuation and to retain the maintenance tax rate of \$0.25 per \$100 of assessed valuation, for a total 2007 tax rate of \$0.75 per \$100 assessed valuation, and to authorize the Tax Assessor/Collector to publish the effective tax calculation and notice of the public tax hearing on the 2007 tax rate to be held at the regular meeting scheduled for November 13, 2007. Ms. Hall noted that she would publish the effective tax calculation and notice of the public hearing in the "This Week" section of The Houston Chronicle.

GENERAL MANAGER'S REPORT

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

Mr. Conner reported that he had contacted Storm Water Solutions, LP ("Storm Water Solutions") and Mr. Dennis Seismore to obtain proposals regarding the clearing and mowing of the Upper Bonds Gully drainage ditch ("Bonds Gully") easement. Mr. Conner stated that Storm Water Solutions does not have equipment that can clean and mow both sides of Bonds Gully, but that Mr. Seismore would be able to cut a 20-foot wide corridor on both sides of Bonds Gully using a hydro-axe. Mr. Conner stated that Mr. Seismore preliminarily estimated that he would charge \$220 per hour, for 10 hours a day over a four (4)-day period to complete the job. Mr. Conner noted, however, that the District is not currently responsible for maintenance of Bonds Gully. Director Marks then questioned why the District should perform the clearing work.

Mr. Conner next explained that if everything stays on schedule, the Bonds Gully project would be under way in May 2008, but may require an Army Corps of Engineers (the "Corps") permit, which could delay the project for at least another year. Mr. Conner reported that an environmental consultant to Jones & Carter has informed him that he does not believe that an environmental permit will be necessary, but that a final determination had not been made on the matter. Mr. Conner stated that he and Jones & Carter are scheduled to meet with the Corps representatives tomorrow.

Director Marks commented that it appears to him that someone encouraged the residents to come to the Board last month and complain about the condition of Bonds Gully. Mr. Hudson then addressed the Board and explained that this matter began two (2) meetings ago when Mr. Fred Grundmeyer started his campaign against the removal of the tree barrier between the driving range and the residential property located at the back of his land located on FM 2920 and

Bridgestone Lane. Mr. Hudson stated that he had cleared Bonds Gully several years ago to provide temporary drainage for Bridgestone Lakes and relieve flooding problems along Bridgestone Lane. Mr. Hudson added that the drainage improvements to Bonds Gully should have been completed by now, and that the scope of the work has not changed.

Ms. Hall and Director Theiss then exited the meeting at 8:12 p.m.

A discussion then ensued regarding the recent heavy rainfall.

Mr. Short then exited the meeting at 8:24 p.m.

Mr. Conner then stated that he would report back to the Board regarding Bonds Gully following the meeting with the Corps.

Mr. Conner then reported that there have been several vandalism issues at the Spring Terrace detention pond pump station, and that he has asked Sergeant Coleman about the effectiveness of cameras and motion lights to deter such activity. Director Schkade suggested that Mr. Conner investigate installing a mounted motion sensor camera. Mr. Conner stated that he would look into the available options for such equipment.

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, and to authorize Mr. Conner to purchase a motion sensor flash camera for the Spring Terrace detention pond pump station.

HARRIS COUNTY PRECINCT 4 CONSTABLE'S REPORT

Sergeant Coleman then reviewed the Constable's Report for the month of September, a copy of which was previously distributed to the Board and is attached hereto.

Sergeant Coleman 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 have 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 proceeds from the sale of the District's eighth (8th) bond issue have been deposited in the Capital Projects account and invested in TexPool, as appropriate, pending reimbursement to the developers.

Ms. Jarmon went on to report that \$19,140 in residential tap fees had been collected during the prior month, and that Northwest Harris County Municipal Utility District No. 30 had paid \$23,218.26 for water usage. Ms. Jarmon added that check no. 10349 in the amount of

\$2,379.95 to A-K-S-36 2920 represents reimbursement for an overpayment. Ms. Jarmon further reported that check no. 10351 in the amount of \$16,106 to TBA Contractor, LLC replaces check no. 10286.

Ms. Jarmon next reported that the City of Houston (the "City") listed the District on its report for Strategic Partnership Agreement ("SPA") payments from the City, but that she has not received a check yet from the City. A copy of the City's SPA payment list is attached hereto. Ms. Jarmon added that she was told that the check would be in the amount of \$9,218, but that she is researching the matter further due to the fact that such amount is much lower than she anticipated. Ms. Bobbitt stated reported that there is some confusion with the State Comptroller's office (the "Comptroller") regarding the Wal-Mart sales tax payment, and that the matter is in the process of being resolved. Ms. Bobbitt added that JRPB will continue to monitor the situation and will keep the Board advised. Ms. Bobbitt also stated that her office is working to confirm the businesses included within the SPA boundaries and provide such information to the Comptroller. Ms. Jarmon noted that some of the businesses will pay quarterly and some will pay monthly, which may have impacted the payment amount.

Director Schkade noted that there is a higher rate for kilowatt hour ("kwh") of usage reflected on the power usage report this month. Ms. Jarmon explained that it is very hard to track the kwh usages with the invoices. Ms. Bobbitt noted that the kwh rate fluctuates with the time of the power usage.

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

ADOPT RESOLUTION REGARDING ANNUAL REVIEW OF RULES, POLICIES, CODE OF ETHICS AND LIST OF AUTHORIZED BROKERS FOR THE INVESTMENT OF DISTRICT FUNDS

Ms. Bobbitt then explained that the Public Funds Investment Act, as amended, requires the Board to review the District's investment policy on an annual basis and presented an Order Regarding Annual Review of Rules, Policies, Code of Ethics and List of Authorized Brokers for the Investment of District Funds (the "Order") for the Board's consideration and adoption. Ms. Bobbitt noted that the list of approved financial institutions/brokers had been updated by Ms. Jarmon. 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 adopt such Order, a copy of which is attached hereto.

OPERATOR'S REPORT

Ms. Sears next reviewed the Operator's Report for the month of September with the Board, including the termination list, copies of which are attached hereto. Director Marks requested information regarding the online payment options available to the District's customers be placed on the billing statements. Ms. Sears stated she would include such information in the next customer billing statements and send such information to Ms. Dold to compare to what is currently posted on the District's website.

Upon motion by Director Schkade, 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, and to authorize the termination of service to the delinquent accounts, in accordance with the provisions of the District's Rate Order.

DIRECTOR'S INSPECTION REPORT

Director Warren distributed copies of his October 12th Inspection Report, a copy of which is attached hereto. Director Warren reported that the access road to serve Lift Station No. 7 in Senterra Lakes needs to be improved, and that all of the other facilities are in good shape. Mr. Glunt noted that the access road would be paved, along with the paving for Senterra Lakes.

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

ENGINEER'S REPORT

Mr. Peterson then presented the Engineer's Report to the Board, a copy of which is attached hereto. Concerning Bond Application Report ("BAR") No. 8, Mr. Peterson reported that the Texas Commission on Environmental Quality (the "TCEQ") pre-purchase inspections are scheduled for Thursday, October 18th. Mr. Peterson stated that he hoped to have the TCEQ pre-purchase approval letters prior to the Board's November 13th meeting. Ms. Bobbitt noted that the auditors are ready to distribute the draft of the reimbursement audit to the Board, consultants and developers. Ms. Bobbitt added that if the TCEQ approval letter is received before the Board's November 13th meeting, a special meeting would be called.

Mr. Peterson next reported that he had a recent conversation with Mr. Justin Taack, the TCEQ reviewer for BAR No. 9, and was told that the review of BAR No. 9 was going very well.

Mr. Peterson next reported on the status of BAR No. 10. Mr. Peterson stated that about a week or more ago, he had sent a second request letter for reimbursement information from all of the developers included in BAR No. 10. Mr. Peterson stated that he intends to present a draft of BAR No. 10 to the Board at the November meeting and to have the report submitted before the end of the year. Mr. Hudson questioned when any changes or additions would be made regarding the projects to be included in BAR No. 10. Mr. Peterson responded that so far, it does not appear that any projects will be removed or added and that closer to the November meeting, he will likely have a list of the reimbursable amounts for each project included in BAR No. 10.

Mr. Peterson next reported that Jones & Carter had received a letter from Mr. Glunt advising them that he is moving forward with development of the Fanta tract, to be known as The Sanctuary. Mr. Peterson added that he had held a pre-development meeting with Mr. Glunt regarding that project to coordinate with Mr. Glunt's engineers. Mr. Peterson added that Mr. Glunt expects to present his development plans to the Board at the November meeting.

Mr. Conner then reported receipt of a request for a tap fee adjustment from Mr. A. A. Shorosh regarding the new Denny's Restaurant, a copy of which is attached hereto. Mr. Conner reported that Ms. Sears had spoken with Mr. Shorosh and explained that the tap fee

calculated for the commercial development is in accordance with the provisions and fee structure of the District's Rate Order.

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 Engineer's Report.

ATTORNEY'S REPORT

Ms. Bobbitt reported that she is deferring action on the arbitrage compliance item under her report until a later time.

Ms. Bobbitt then noted that the Petitions for Annexation of Mr. David McCampbell's and Mr. Howard Lederer's acreage were being presented for execution at tonight's meeting. Ms. Bobbitt reported that JRPB is moving forward with the annexation, and that JRPB will push to get the tracts on the District's tax roll by January 1, 2008, if at all possible, but it may not be possible because of the time the City takes to process such issues.

Director Warren then questioned the status of various detention pond maintenance agreements. Ms. Bobbitt reported that the Spring Terrace Detention Pond Maintenance Agreement still needs to be finalized and executed by all of the parties, and that there continues to be some issues concerning such agreement. Ms. Bobbitt further reported that the Springbrook Detention Pond Maintenance Agreement is fully executed, and that other maintenance agreements will be put in place as each pond is conveyed to the District.

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 Attorney's Report.

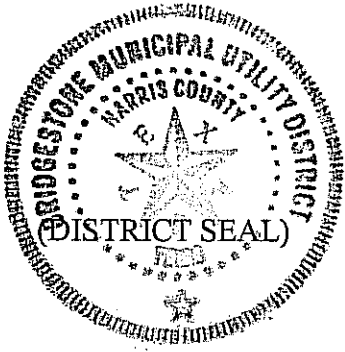
MISCELLANEOUS MATTERS

Ms. Jarmon reminded the Board about the Association of Water Board Directors - Texas (the "AWBD") seminar to be held on Friday, November 2, 2007. Ms. Jarmon noted that the registration for such seminar needs to be sent to the National Council for Public-Private Partnerships and not to the AWBD. Director Warren indicated that he would like to attend the seminar, and Director Steffes stated that he would not attend.

Ms. Bobbitt reminded the Board that the next regular meeting is scheduled for Tuesday, November 13, 2007, at 7:00 p.m.

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

PASSED, APPROVED AND ADOPTED this 18th day of December, 2007.



Linda Klein
Secretary, Board of Directors