



## **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 requested that two (2) additional items be added to the Consent Agenda, including: 1) approval for Change Order No. 1 for the Northcrest Channel, Phase I project in the amount of \$3,770.00; and 2) Pay Estimate No. 2 for the Water Plant No. 3 Ground Storage Tank Recoating project in the amount of \$39,420.00. Ms. Bobbitt then requested that the minutes of the regular meetings of June 20, 2006 and July 18, 2006 and special meetings of April 11, 2006, May 2, 2006, and June 6, 2006 also be approved.

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 meetings of June 20, 2006 and July 18, 2006 and the minutes of the special meetings of April 11, 2006, May 2, 2006 and June 6, 2006, as written; 2) authorize design of the following projects: a) FM 2920 box culverts at Upper Seals Gully and authorize contract with the Texas Department of Transportation for joint project; b) Northcrest Village Channel, Phase II; and c) sanitary sewer line extension to serve Eagle Water Management Incorporated; 3) authorize the advertising for bids, subject to Engineer's receipt, review and approval of projects plans and specifications for: a) Northcrest Village, Section 6 water, sewer, and drainage facilities; 4) review bid tabulations and award contract for: a) construction of Bridgestone Hike/Bike Trail; and b) construction of culverts under the Trunkline Gas pipeline in Northcrest Village, Section 6; 5) approve the following pay estimates and change orders: a) Change Order No. 1 for Northcrest Channel, Phase I in the amount of \$3,770.00; and b) Pay Estimate No. 2 for the Water Plant No. 3 Ground Storage Tank Recoating project in the amount of \$39,420.00; 6) ratify the following items: a) authorization to advertise for bids for construction of culverts under trunkline gas pipeline in Northcrest Village, Section 6; b) authorization to prepare feasibility study for 7.5-acre Priske-Jones Investments, LLC tract of land located on the southeast corner of Spring Stuebner and Kuykendahl Road (the "Priske-Jones Tract") (formerly referred to as the KPC Tract); and c) approval of proposal from Air Plus to replace the air conditioning and heating units at the Bridgestone Community Center; and 7) authorize the execution of easements necessary to serve various District developments.

Ms. Hall then entered the meeting at 6:10 p.m.

## **REGULAR AGENDA**

### **ORDER ADDING LAND AND REDEFINING BOUNDARIES OF THE DISTRICT**

Ms. Bobbitt then reported that the City of Houston had consented to the annexation of the 1.2167-acre tract located at the northwest corner of FM 2920 and Kuykendahl Road. Mr. Peterson stated that the developer intends to develop a Wachovia Bank on the site. Ms. Bobbitt next presented an Order Adding Land and Redefining Boundaries of the District (the "Order") for the Board's approval. Upon motion by Director Theiss, seconded by Director

Warren, after full discussion and the question being put the Board, the Board voted unanimously to adopt the Order, a copy of which is attached hereto.

Ms. Tu-Anh Cloteaux then entered the meeting at 6:15 p.m.

APPROVE AND AUTHORIZE EXECUTION OF REVISED DISTRICT BOUNDARY MAP AND AMENDED DISTRICT INFORMATION FORM

Ms. Bobbitt then explained that pursuant to Section 49.452 of the Texas Water Code, as amended, the District is required to amend its District Information Form any time information in such form is revised or updated and, therefore, since the District's boundaries have been redefined, an amendment to the District Information Form is necessary. Ms. Bobbitt also stated that the Board members need to execute a revised District boundary map that will be filed in the Harris County Real Property Records, and that all Directors present at the meeting must sign the revised boundary map, as well as the Amended District Information Form. 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 the execution of the Amended District Information Form, a copy of which is attached hereto, and the revised District boundary map, and to authorize the District's attorneys to file such amendment in the Harris County Real Property Records and with the Texas Commission on Environmental Quality (the "TCEQ"), as required by law.

REVIEW AND DISCUSS FEASIBILITY STUDIES

Mr. Peterson first reviewed with the Board the feasibility study for the 10.77-acre Procter tract (the "Procter Tract") (formerly referred to as the McDermott Tract) located at the southwest corner of Spring-Cypress Road and Kuykendahl Road, a copy of which is attached hereto. Mr. Peterson informed the Board that Mr. Procter plans to develop medical office condos on the site. Mr. Peterson explained that the off-site water and sanitary sewer facilities for the Procter Tract would be eligible for reimbursement, and that the Procter Tract supports itself at a 100% reimbursement rate. 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 Procter Tract feasibility study.

Ms. Ecklund then reviewed with the Board the feasibility study for the 7.5-acre Priske-Jones Tract located at the southeast corner of Kuykendahl Road and Spring-Stuebner Road, a copy of which is attached hereto. Ms. Ecklund explained that the Priske-Jones Tract is planned as a commercial property, but that no land plan has been prepared for the proposed development. Ms. Ecklund explained that when determining the feasibility of the tract, Jones & Carter uses an estimated assessed valuation of \$4 million, as provided by the owner, and based on that valuation, the Priske-Jones Tract is financially feasible. 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 Priske-Jones Tract feasibility study.

Mr. Erik Haaland then entered the meeting at 6:25 p.m.

Mr. Peterson next reviewed with the Board the feasibility study for out-of-District water and sanitary sewer service to the 32-acre Spring-Cypress Presbyterian Church (the "Church")

tract (the "Church Tract"), a copy of which is attached hereto. Mr. Peterson explained that the Church would be responsible for the costs of extending the utilities to the Church Tract and for a portion of the capacity costs required to serve the Church Tract, such costs estimated at approximately \$36,100.00. Director Steffes then asked if the feasibility study included a maximum amount of capacity usage for the Church Tract. Mr. Peterson explained that the capacity costs had been based on the amount of usage estimated by the Church and, if there was any expansion of the Church facilities that resulted in increased capacity usages, there would need to be a determination of the additional capacity payment that would be required. Mr. Haaland explained that the Church is not expecting any expansion for at least five (5) years.

Mr. Hudson then asked when the Church Tract would need service. Mr. Haaland stated that the Church is in the process of preparing plans for the improvements to its existing facilities, and that service will be needed within the next year. Mr. Hudson then added that he cannot guarantee that the timing of the extension of the water and sewer lines in the Villages of Senterra Lakes, which the Church will tie into, will be completed in that timeframe as market conditions will dictate the speed of his development. Mr. Peterson added that the feasibility study includes language explaining that the provision of water and sewer service is contingent upon the extension of the Villages of Senterra Lakes water and sewer service lines. The Board asked that the contingency be made very clear to the Church and emphasized that the District does not know and cannot guarantee the timeframe for the extension of the facilities. Ms. Bobbitt stated that a similar statement will also be included in the out-of-District service agreement that her office will be preparing regarding the provision of service to the Church Tract. The Board decided to defer approval of the feasibility study until Director Marks arrived at the meeting.

#### 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 96% of the District's 2005 taxes have been collected as of today's date. Ms. Hall next reported that her most recent figures from the Harris Count Appraisal District ("HCAD") reflect a certified value of \$421,800,000.00 for the District. Ms. Hall noted that the final certified values for 2006 are expected from HCAD in mid-September.

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 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 Eilers, purchasers of the Salazaar foreclosure property, have not yet paid the taxes owed on the property, but will be contacted about the outstanding tax bill. Director Warren then asked about the Walgreens and DR Horton delinquencies. Ms. Hall responded that those accounts had just become delinquent and will likely be paid in the near future.

Ms. Rebecca Hernandez then entered the meeting at 6:40 p.m.

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 Delinquent Tax Attorney's Report.

#### GENERAL MANAGER'S REPORT

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

Mr. Conner first reported that the new air conditioning and heating units for the Bridgestone Community Center had been installed and are working, but that there needed to be some re-calibration of the thermostat. Mr. Conner then informed the Board that in light of the proposed development of the Fanta Tract, he is reviewing and investigating the possibility of combining the construction of the Fanta Tract detention pond with the proposed improvements to Bonds Gully in one contract. Director Steffes then asked about the status of the Ditch "A" and Ditch "B" improvement project. Mr. Conner reminded the Board that the District had acquired additional acreage for Ditch "B" to overcompensate for the shortage of capacity in Ditch "A". 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 approve the General Manager's report.

#### DIRECTOR'S REPORT

Director Theiss then distributed copies of her Director's Report, a copy of which is attached hereto. Director Theiss reported that all of the District's facilities were in good shape and noted only a few minor items that need attention. Director Theiss noted that she is still not satisfied with the interior and exterior paint at Water Plant No. 3, and further noted that the Wal-Mart detention pond was in need of mowing and maintenance.

Mr. Peterson then reported that he had investigated the paint/coating issue on the Water Plant No. 3 ground storage tank and determined all of the paint was the appropriate thickness. Mr. Peterson added, however, that he is working with the contractor to make the paint application more aesthetically pleasing. Director Warren then added that he also thought the paint job looked bad and wanted to know the long-term cost of the painting/coating work versus the cost of replacing the ground storage tank. Mr. Peterson stated the cost to paint the ground storage tank was \$103,250.00.

Director Marks then entered the meeting at 6:58 p.m.

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 Director's Report.

#### 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 then reported that the District had received \$89,580.00 in tap revenue during the prior month. Ms. Jarmon added that the District's overall investment report reflects an average interest rate on fund investments of 5.08%.

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

Ms. Sears next reviewed the Operator's Report for the month of July with the Board, including the termination list, copies of which are attached hereto. Ms. Sears reported that the District's four (4) month water accountability ratio was 91.2%, and that there were 12 sludge hauls during the month. Ms. Sears added that there are currently 4,108 connections in the District.

Ms. Sears then informed the Board that Harris County (the "County") will be holding its annual Household Hazardous Waste Collection event on October 21, 2006, where residents can drop-off items to be disposed of properly. Ms. Sears stated that she would like to place an item in next month's water/sewer service bill informing the District's residents of the event and the types of items that will be accepted. Ms. Bobbitt suggested that the notice should also be posted on the District's website.

Ms. Sears next explained that the invoice information in the reports provided to the Directors only included invoices for work orders in excess of \$500.00. Ms. Sears stated that Mr. Conner and Ms. Jarmon still receive, and Mr. Conner reviews, all of the operations invoices prior to the meeting.

Mr. Almaguer then informed the Board that there was a brief opening of the interconnect today for the District provided water to Northwest Harris County Municipal Utility District Nos. 30 and 32 while they addressed some issues with their Water Plant facilities.

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 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

The Board next recognized Mr. Peterson, who reviewed the Engineer's Report with the Board, a copy of which is attached hereto.

Mr. Peterson then briefly reviewed, for Director Marks, the discussions on the feasibility study regarding the Church Tract and asked the Board to approve the feasibility study. 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 Church Tract feasibility study. Mr. Peterson went on to review the Priske-Jones Tract and the Procter Tract feasibility studies for Director Marks' concurrence on the actions of the Board earlier in the meeting.

Mr. Peterson then discussed with the Board the proposed developer monthly progress reports form. Mr. Peterson stated that the only comment he had received so far on the form from the District's developers was a request that the form reflect estimated home values instead of actual sales prices. Mr. Hudson then commented that he was unsure how to report homes under construction but not sold and also questioned when the District considered a home "sold" for purposes of the reports. Mr. Peterson stated that for purposes of updating the District's Geographical Information System ("GIS") database, "sold" means when the property is conveyed to a third party. Director Steffes added that it may be appropriate to include an "under construction" category on the form. Ms. Bobbitt then recommended that Mr. Hudson, along with other developers in the District, provide their comments to Mr. Conner by September 1, 2006, so that the use and implementation of the forms can begin as soon as possible.

#### GRAND PARKWAY ALIGNMENT MATTER

Ms. Bobbitt next discussed with the Board the draft of District's the letter expressing the District's concerns with the current proposed alignment for the Grand Parkway. Ms. Bobbitt explained that the letter was not distributed to the Board earlier in the month due to the fact that she was waiting on the results of Mr. Shackelford's and Mr. Peterson's meeting with Mr. David Gornet, Executive Director of the Grand Parkway Association, on Monday, August 14, 2006. Mr. Shackelford then reported that Mr. Gornet had informed him during the meeting that the proposed alignment was being adjusted to have as minimal effect as possible on the Klein Independent School District ("KISD") tract and to avoid any impact to the Spring Terrace subdivision located within the District.

Mr. Hudson then asked how the alignment was being adjusted to protect the KISD tract. Mr. Shackelford explained that Mr. Gornet discussed moving the road alignment farther north of the KISD tract. Mr. Shackelford then explained that based on his conversations with Mr. Gornet, the Grand Parkway, as proposed, will not have any frontage road, but will have on and off ramps at Gosling Road, Kuykendahl Road, FM 2920 and Boudreaux Road. Director Steffes stated that the District should request that frontage roads be constructed and utilized to help off-set some of the loss in the assessed valuation the District faces based upon the current alignment. Mr. Peterson then added that the proposed construction timeline has the portion of the Grand Parkway located between SH 290 and SH 249 under construction in late 2008 and has the segment between SH 249 and I-45 under construction six (6) months later.

Mr. Hudson then commented that it appears people are giving up on fighting the Grand Parkway and instead are making deals to mitigate their personal damages. Director Warren agreed, but stated that he will continue to fight to prevent the Grand Parkway from being constructed.

## UPDATE ON DISTRICT'S WEBSITE IMPROVEMENTS

Director Theiss informed the Board that she had nothing new to report on the District's website. Director Steffes requested that Ms. Barbara Payne be contacted and asked for passwords whereby the directors and consultants can review the updated website prior to becoming available to the public.

## ATTORNEY'S REPORT

Ms. Bobbitt then reported that she had received the Staff Memorandum for the District's eighth (8<sup>th</sup>) bond application. Ms. Bobbitt explained that there were several issues and concerns with the Staff Memorandum, such as reductions in amounts of reimbursable items with no explanation, an increase in the tax rate to be levied, and the TCEQ not recognizing the District's most recent bond authorization election. Ms. Bobbitt added that she had signed the TCEQ letter, stating that the District does not concur, and that she is working with Messrs. Kasner, Conner, Short, Shackelford and Peterson to prepare the District's response.

## CONSTABLE'S REPORT

Officer Blankenship then reviewed with the Board the Constable's report for the month of July, a copy of which is attached hereto.

## EXECUTIVE SESSION

Director Steffes then adjourned the regular meeting at 8:05 p.m. and announced that the Board would convene in executive session pursuant to Sections 551.071 and 551.072, Texas Government Code, as amended, to discuss matters related to the attorney/client privilege and to discuss matters related to real property. Everyone then exited the meeting with the exception of the Board, Mr. Shackelford, Ms. Ecklund, Mr. Peterson, Mr. Conner, Ms. Jarmon, Mr. Kasner, Ms. Dold and Ms. Bobbitt.

## RECONVENE IN OPEN SESSION

Director Steffes then reconvened the meeting in open session at 8:25 p.m. where the following action was then taken by the Board. 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 authorize Ms. Bobbitt to respond to Mr. Patel's letter regarding the acquisition of an easement across his property, pursue obtaining the necessary easements from Mr. Patel, including obtaining an appraisal of the easement and proceeding with condemnation, as may be necessary.

## MISCELLANEOUS MATTERS

Ms. Bobbitt reminded the Board that the next regular meeting was scheduled for Tuesday, September 19, 2006, at 6:00 p.m. There being no further business to come before the Board, the meeting was adjourned at 8:30 p.m.

PASSED, APPROVED AND ADOPTED this 19<sup>th</sup> day of September, 2006.

*Linda Shein*  
Secretary, Board of Directors

(DISTRICT SEAL)

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