



## HARRIS COUNTY PRECINCT 4 CONSTABLE'S REPORT

Sergeant Mayes then reviewed the Constable's Report for the month of June, a copy of which is attached hereto.

### HEAR FROM THE PUBLIC

The Board recognized Mr. Jimmie Williams, a resident of the Bridgestone Lakes subdivision and spokesman for the residents of such subdivision. Mr. Williams explained that he and his neighbors have been experiencing an increase in crime in their subdivision, and were attending tonight's meeting to ask questions about the District's Interlocal Agreement for Law Enforcements Services with the County and to discuss the possibility of an increased presence of the Constables in the Bridgestone Lakes subdivision. Mr. Williams stated that the residents never see Constables patrolling in Bridgestone Lakes. Director Marks remarked that his subdivision also has problems with vandalism and crime. Director Warren asked the residents present at the meeting if they know the telephone number for the Constable and if they call the Constable to report criminal or suspicious activity in their neighborhood. Mr. Williams responded that the residents have the Constable's telephone number and are encouraged to report criminal activity to the Constable.

Mr. Conner then explained that the District is a growing community, and that the District currently has contracted for seven (7) Constables who share a seven (7) day rotation, two (2) shifts a day and each working five (5) days a week. Mr. Conner added that there are usually two (2) Constables on duty per day, and that their patrol work during any given day is not limited to one (1) area or subdivision within the District. A resident then asked if the Constables are in the District at a certain time each day. Mr. Conner responded that the Constables are in and around the District unless they are called away to other areas by emergencies, car accidents, etc. Director Marks explained that in the past, the various homeowners associations (the "HOAs") in the District entered into contracts with the County for security services on an individual basis, but that the District took over the security services as the District continued to grow and the cost of such services increased. Director Steffes added that the Bridgestone West HOA continues to fund their own security services contract. Director Marks added that the Bridgestone Lakes HOA may want to consider funding their own security contract, but that the Constable contracts are costly. Director Steffes further stated that the District is currently paying approximately \$35,000 per month, or over \$420,000 a year, to the County for the District's 70%/30% contract. Director Warren pointed out that the 70%/30% contract is for a 40-hour work week. Further discussion regarding the Constable contract then ensued.

Sergeant Mayes then responded to some of the questions and concerns of the residents and stressed that they must take time to contact the Constable to report any and all criminal or suspicious activity in their neighborhoods. Sergeant Mayes asked the residents to contact the Constable to arrange a meeting with Lieutenant Ronnie Glaze and to discuss the possibility of setting up a residents' crime watch program in the Bridgestone Lakes subdivision. Mr. Conner offered to work with the Bridgestone Lakes HOA and the residents to arrange a meeting with Lieutenant Glaze.

Mr. Williams thanked the Board for its time and for the property tax exemptions that the Board has previously granted.

Mr. Williams, the residents and Sergeant Mayes then exited the meeting at 7:15 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.

Director Warren then stated that he did not think the minutes correctly reflected the motion he made at the June 17, 2008 meeting regarding the fence around the Rhodes Landing detention pond control panel site. Director Warren stated that he intended for Mr. Conner to obtain proposals for the fence and bring them back to the Board for review. Ms. Bobbitt stated that she had reviewed the minute notes of both Mr. Polley and Ms. Dold, and that both sets reflect the motion as it is written in the draft of the June 17<sup>th</sup> minutes. Mr. Conner explained that the proposal from Southland Fence, in the amount of \$2,000, was the lowest proposal received for the eight (8) foot wooden fence. Director Steffes asked Ms. Bobbitt to revise the motion to reflect that Mr. Conner was to obtain two (2) proposals for the wooden fence at the Rhodes Landing detention pond control panel site and bring them to the Board to 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 following Consent Agenda items: 1) approve the minutes of the regular meeting of June 17, 2008, as revised; 2) ratify authorization for Jones & Carter to advertise for bids for the Gosling Road utilities extension; and 3) review bid tabulations and award contract for the construction of: a) The Sanctuary 12-inch water line; and b) the Kuykendahl Road water line extension.

**REGULAR AGENDA**

**TAX ASSESSOR/COLLECTOR'S REPORT**

The Board then recognized Ms. Hall, who presented the Tax Assessor/Collector's Report for the month of June, a copy of which is attached hereto. Ms. Hall reported that to date, 96.3% 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 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 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 Section I of the Delinquent Tax Attorney's Report

reflects a list of 84 delinquent 2007 tax accounts, which the Delinquent Tax Attorney is recommending to receive notices of termination of service. Ms. Hall also noted that the Delinquent Tax Attorney had recommended termination of service to the Patricia A. Glaser account reflected in Section III of the Report. 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 Delinquent Tax Attorney's Report and to authorize the issuance of notices of termination of service to the 84 delinquent tax accounts reflected in Section I and the Glaser account reflected in Section III of the Delinquent Tax Attorney's Report.

The Board then asked Ms. Hall to send Mr. Staab a copy of the Delinquent Tax Attorney's Report each month.

APPROVE AND AUTHORIZE EXECUTION OF ADDENDUM TO MERCHANT PROCESSING AGREEMENT BY AND AMONG NATIONAL PROCESSING COMPANY, FIRST NATIONAL BANK OF OMAHA, AND THE DISTRICT (THE "ADDENDUM AGREEMENT")

Ms. Hall next presented the Addendum Agreement and explained that the Board's approval of the Addendum Agreement will allow taxpayers to make tax payments with their credit cards. 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 Addendum Agreement and authorize execution of same, a copy of which is attached hereto.

DIRECTOR'S INSPECTION REPORT

Director Warren then reported that he and Mr. Staab had inspected the District's facilities on July 14, 2008. A copy of the Director's Inspection Report is attached hereto. Director Warren informed the Board that all of the District's facilities were in great shape. Director Warren stated that he would like the Board to consider installing landscaping around the exterior of the District's various plant sites and facilities. Director Warren also asked what it would cost to relocate the pilot channel at the Spring Terrace detention pond to enable the residents to use the detention pond for recreational activities. 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 Director's Inspection 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 reported that during the prior month, she had received \$19,140 in District tap fees and \$26,796 in water revenues from Northwest Harris County Municipal Utility District No. 30 ("NW 30").

Ms. Hall then exited the meeting at 7:55 p.m.

Ms. Jarmon went on to report that Texas State Bank has sent letters of notification of transfer of safekeeping custodian from the Federal Home Loan of Dallas to the Federal Home Loan of Atlanta to its customers in connection with the bank becoming affiliated with Compass Bank, a copy of which is attached hereto.

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 Bookkeeper's Report, the investment report and the payment of the checks reflected therein, and to approve and authorize execution of the notification letter from Texas State Bank.

#### OPERATOR'S REPORT

Mr. Staab next presented the Operator's Report for the month of June 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 90.9%, the monthly ratio was 93.8%, there were 34 sludge hauls during the prior month, and there are currently 5,140 connections in the District. Mr. Staab stated he had nothing to add to his written report.

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.

#### RECEIVE AND DISTRIBUTE INSURANCE PROPOSALS

Mr. Conner next reported that three (3) insurance proposals had been solicited and received, including proposals from Anco-McDonald Waterworks Insurance Services, LLC ("Anco"), The Essential Group and AquaSurance, LLC. Mr. Conner stated that the District's current insurance coverage with Anco expires on September 30<sup>th</sup>. Mr. Conner noted that he and Director Marks would review the proposals and arrange to review and discuss the proposals at a special meeting of the Board to be scheduled early in August.

Director Steffes noted that he will not be able to attend the Board's regular August 19, 2008 meeting.

#### CONSIDER REQUEST FROM WB SANCTUARY REGARDING STORM SEWER SYSTEM REIMBURSEMENT

The Board next recognized Mr. Glunt, who distributed an update on the status of The Sanctuary development, a copy of which is attached hereto. Mr. Glunt reminded the Board that The Sanctuary development will contain 144 residential lots and three (3) commercial reserves and estimated that the assessed value ("AV") of the project will be approximately \$81,700,000, which is \$49.5 million in excess of the AV required for WB Sanctuary to obtain 100% reimbursement from the District for the utilities and offsite costs. Mr. Glunt further explained that because of the excess AV and the willingness of The Sanctuary's HOA to maintain the private storm sewer system, he is requesting that the Board agree to reimburse WB Sanctuary for all eligible costs associated with the design and construction of the private storm sewer system

for The Sanctuary development. Mr. Glunt further informed the Board that the average cost of a lot in the development is \$100,000, and that the homes will be priced in the \$450,000 to \$800,000 range. Mr. Glunt added that currently, 110 lots are under contract to five (5) custom builders. Mr. Glunt went on to note that he is projecting the project will build-out within two (2) years. Mr. Glunt also noted that the annual HOA maintenance fees in The Sanctuary project will be \$4,800.

Director Steffes then inquired about the costs for the design and construction of the storm sewer system. Mr. Glunt responded that the estimated cost of the storm sewer system is \$800,000 to \$1,000,000. Mr. Peterson confirmed such cost estimate.

Further discussion then ensued regarding any differences in the maintenance of a public storm sewer system and a private storm sewer system. Mr. Peterson explained that the District's Policies and Procedures for Development within the District do not contemplate reimbursement of a private storm sewer system, but that private storm sewer systems are eligible for reimbursement under the Texas Commission on Environmental Quality rules. Director Marks asked how the Board could be assured that the District will have no responsibility for the maintenance of the private streets and private storm sewer system in The Sanctuary development. Ms. Bobbitt responded that the District could enter into an agreement with The Sanctuary HOA that would set forth the appropriate terms and conditions concerning the maintenance of the private streets and storm sewer system. Further discussion then ensued concerning Mr. Glunt's request.

#### EXECUTIVE SESSION

Director Steffes then adjourned the regular meeting at 8:20 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. The members of the Board, Mr. Conner, Mr. Peterson, Ms. Ecklund, 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 Steffes then reconvened the meeting in open session at 8:40 p.m., at which time Mr. Glunt and Mr. Hudson re-entered the meeting. Director Steffes then stated that the Board is willing to grant Mr. Glunt's request to receive reimbursement for the eligible costs associated with the design and construction of the private storm sewer system for The Sanctuary development, subject to the following criteria: 1) The Sanctuary HOA will enter into a maintenance agreement with the District reflecting that the costs for the maintenance of the private streets and storm sewer system will be the sole responsibility of the HOA; 2) WB Sanctuary must reach the projected excess \$51 million AV within three (3) years of completion of the development to qualify for reimbursement for the private storm sewer system; 3) reimbursement for the water, sewer and drainage facilities to serve The Sanctuary will be separate from the reimbursement for the private storm sewer system; and 4) if WB Sanctuary fails to meet any of its contractual obligations in connection with the construction of the utilities and any related facilities necessary to serve The Sanctuary development, the District's obligation

for the reimbursement of the private storm sewer system design and construction costs shall be null and void.

Mr. Glunt then asked what will happen if the excess value generated from the development only qualifies for 45% reimbursement or some other percentage, rather than 100% reimbursement, for the private storm sewer system. Director Marks responded that it was Mr. Glunt who provided the projection for the excess value and not the District. Mr. Glunt then stated that his excess AV projections were as good as any estimates can be, but that he cannot guarantee any such projection. Mr. Glunt added that he did not think it was fair to tie the reimbursement to a three (3) year period to reach the \$51 million in excess AV. Further discussion then ensued regarding an appropriate timeframe within which the excess AV goal must be reached.

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 grant Mr. Glunt's request to receive reimbursement for the eligible costs associated with the design and construction of the private storm sewer system for The Sanctuary development, subject to the following criteria and requirements: 1) The Sanctuary HOA will enter into a maintenance agreement with the District reflecting that the costs for the maintenance of the private streets and storm sewer system will be the sole responsibility of the HOA; 2) WB Sanctuary must reach 90% of the projected \$51 million of excess AV within five (5) years from the date of the Agreement for Financing of Facilities for The Sanctuary development in order to qualify for reimbursement for the private storm sewer system; 3) reimbursement for the water, sewer and drainage facilities to serve The Sanctuary will be separate from the reimbursement of the private storm sewer system; and 4) if WB Sanctuary fails to meet any of its contractual obligations in connection with the construction of the utilities and any related facilities necessary to serve The Sanctuary development, the District's obligation for the reimbursement of the private storm sewer system design and construction costs shall be null and void.

#### ADOPT RESOLUTION AUTHORIZING PROCEEDINGS IN EMINENT DOMAIN

Ms. Bobbitt reported that Mr. Rouzbeh Alamdari, the owner of property for the final sanitary sewer easement that is required for the Gosling Road utilities extension project, has declined the District's offer of \$2.00 per square foot. A copy of Mr. Alamdari's response letter is attached hereto. Ms. Bobbitt advised the Board that in light of Mr. Alamdari's response, Ms. Diane Allen of Johnson Radcliffe has prepared a Resolution Authorizing Proceedings in Eminent Domain (the "Resolution") regarding the subject easement for consideration and adoption by the Board in order to proceed with obtaining an appraisal on the property and initiate the condemnation process. 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 adopt the Resolution, a copy of which is attached hereto.

ADOPT ORDER 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 Marks, seconded by Director Warren, 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.

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.

Director Marks asked a question regarding the amount of surface water that the District receives from the North Harris County Regional Water Authority (the "NHCRWA") and sells to NW 30. Mr. Conner responded that in the month of June, the District received 8,170,000 gallons of water from the NHCRWA for distribution to NW 30.

Mr. Conner then reported that the Stone Forest HOA has sued the owner of the detention pond at the old Albertson's site. Mr. Conner added that Mr. José Gross is named in the lawsuit, but has sold his interest in the Albertson's site.

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 General Manager's Report.

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.

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.

ATTORNEY'S REPORT

Ms. Bobbitt noted that in connection with her firm's attempts to acquire the sanitary sewer easement from Mr. Alamdari, the Board had authorized Johnson Radcliffe to offer up to \$2.00 per square foot for the easement tract, which offer was declined by Mr. Alamdari, as noted earlier in the meeting. Ms. Bobbitt then asked the Board if they were willing to increase the offer amount to Mr. Alamdari in order to try to avoid condemnation of the tract. Ms. Bobbitt

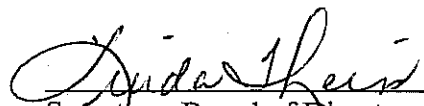
noted that the other easement tracts were acquired based on \$2.00 per square foot. Upon motion by Director Marks, seconded by Director Theiss, after full discussion and the question being put to the Board, the Board voted unanimously to not increase the District's offer for the Alamdari easement tract and to proceed with the condemnation of the easement tract.

MISCELLANEOUS MATTERS

Ms. Bobbitt reminded the Board that the next regular meeting of the Board is scheduled for Tuesday, August 19, 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 19<sup>th</sup> day of August, 2008.

  
Secretary, Board of Directors

