

**MINUTES OF THE MEETING  
OF  
MONTROSE MANAGEMENT DISTRICT  
BOARD OF DIRECTORS**

**April 9, 2012**

**Determine quorum; call to order;**

The Board of Directors of the Montrose Management District held a meeting on Monday, April 9, 2012, at 12:00 p.m. Noon at 401 Branard Street, 2<sup>nd</sup> Floor, Room 106, Houston, TX 77006, inside the boundaries of the District, and open to the public. Chairman Wynn called the meeting to order at 12:10 p.m., and the roll was called of the duly appointed members of the Board, to wit:

Position 1: Claude Wynn, *Chairman*  
Position 2: Dana Thorpe  
Position 3: Randy Mitchmore, *Vice Chairman*  
Position 4: Cassie Stinson, *Secretary*  
Position 5: Lane Llewellyn  
Position 6: Nebo Bandovic (pending)  
Position 7: Dennis Murland  
Position 8: Robert Jara

Position 9: Kathy Hubbard, *Treasurer*  
Position 10: Michael Grover  
Position 11: Bobby Heugel  
Position 12: Brad Nagar, *Ass't Secretary*  
Position 13: Tammy Manning  
Position 14: David Robinson  
Position 15: Randall Ellis

and all of the above were present with the exception of Directors Ellis, Hubbard and Manning, thus constituting a quorum. Also present at the meeting were Bill Calderon, Susan Hill, Josh Hawes and Gretchen Larson, Hawes Hill Calderon, L.L.P.; Clark Lord, Bracewell & Giuliani, L.L.P.; Patricia Hall, Equi-Tax, Inc.; and Darrell Hawthorne, Municipal Accounts and Consulting, L.P. Others present at the meeting were State Representative Garnet Coleman; Daphne Scarbrough, Richmond Avenue Coalition; Officer Victor Beserra, Houston Police Department; Cliff Raymond, Primer Grey; Deb Hensel, HQ Group Communications; Johanna and Ava Thorpe, Thorpe Family; Josee Lafontaine, with Lane Llewellyn; Caroline Evans, The Examiner; Jennifer Roeser, Weingarten Reality Investors; and Steve McNiel, Creative Property Restoration.

**Receive Nominating Committee report and take action on recommendations regarding nominees for Positions 2, 5, and 11 (terms expiring June 1, 2013) and a nominee for Position 6 (to be presented for approval to Mayor and City Council for a term expiring June 1, 2015).**

Director Mitchmore, chairman of the Nominating Committee, reported to the Board and explained the nominating process. He said the Committee unanimously recommends accepting a slate of the following four candidates: Dana Thorpe, Position 2; Lane Llewellyn, Position 5; Nebo Bandovic, Position 6; and Bobby Heugel, Position 11.

Committee Chair Mitchmore explained that Board Positions 2, 5 and 11 may be filled immediately, adding that Position 6 will require approval by the Mayor and Houston City Council. He noted that all of the candidates live and own property within the District. Upon a motion duly made by Director Mitchmore and being seconded by Director Grover, the Board voted unanimously to approve the Nominating Committee's recommendations regarding nominees for Positions 2, 5, and 11 (terms expiring June 1, 2013) and a nominee for Position 6 (to be presented for approval to Mayor and City Council for a term expiring June 1, 2015).

**Accept Sworn Statements, Bonds, and Oaths of Office for candidates in Positions 2, 5, and 11.**

State Representative Garnet Coleman administered the Oaths of Office to the new Board members. Upon a motion duly made by Director Mitchmore and being seconded by Director Stinson, the Board voted unanimously to accept the Sworn Statements, Bonds, and Oaths of Office for candidates in Positions 2, 5, and 11.

**Approve minutes of meeting held March 19, 2012.**

Upon a motion duly made by Director Mitchmore and being seconded by Director Jara, the Board voted unanimously to approve the minutes of its meeting held on March 19, 2012.

**Receive public comments.**

Ms. Scarbrough addressed the Board and commented on the District's Transportation and Mobility Study. She said she believes that the report will not result in additional transportation infrastructure funding or support by the City of Houston. She noted that the report is not posted on the District's website. She said that a lawsuit has been filed regarding dissolution of the District. No action was taken.

**Receive District's Monthly Assessment Collection Reports and Billing and Assessment Summaries, Lawsuit and Arbitration Status Details, and Delinquent Assessment Reports;**

Ms. Hall reported that the 2011 assessments are 91% collected to date on the East side of the District and 93% collected on the West side. She said that the property values have been certified by the Harris County Appraisal District for all properties located within the District. She noted that the District's Top Ten Assessment Payers and the Ten Largest Delinquent Accounts are both listed in the Board agenda materials, as well as a status report on delinquent accounts including lawsuit and arbitration details. She reported that the property owned by Mr. Francisco Valle at 811 Richmond has been re-classified for tax year 2012 to residential property. She said that the property previously had been classified as commercial property and that it was assessed accordingly. No action was taken.



**Receive and consider Montrose Management District's monthly financial report and pay invoices;**

Mr. Hawthorne reviewed the financial statements included in the Board agenda materials. There was discussion about the hourly rates being charged by Bracewell & Giuliani, L.L.P. Mr. Lord said he would research the matter. There was also discussion regarding invoices from Vinson & Elkins, L.L.P., which Mr. Lord explained are for paralegal services during the transfer of the District's records between the two law firms. Upon a motion duly made by Director Stinson and being seconded by Director Nagar, the Board voted unanimously to approve the Montrose Management District's monthly financial report and pay invoices.

**Conduct annual review of Investment Policy and adopt Resolution Regarding Annual Review of Investment Policy and Adoption of Amended Investment Policy.**

Mr. Lord explained that the annual review of the Investment Policy is required under provisions of the State of Texas Public Funds Investment Act. He then reviewed the Policy and proposed minor revisions.

**Review, revise and adopt Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions.**

Mr. Lord said that the List of Authorized Depository Institutions and List of Qualified Broker/Dealers are updated annually to indicate the mergers, acquisitions or closings of various financial institutions.

**Accept annual disclosure statements for Investment Officer and Bookkeeper.**

Mr. Lord said that the required annual disclosure statements from Mr. Mark Burton, investment officer, and Mr. Darrell Hawthorne, bookkeeper, are included in the Board agenda materials. These disclosures indicate that neither has conflicts of interest in terms of conducting business with the District.

Upon a motion duly made by Director Grover and being seconded by Director Mitchmore, the Board voted unanimously to adopt a resolution regarding the annual review of the Investment Policy and adoption of an Amended Investment Policy; to adopt a resolution establishing the Authorized Depository Institutions and adopting a List of Qualified Broker/Dealers with whom the District may engage in investment transactions; and to accept the annual disclosure statements for the District's Investment Officer and Bookkeeper.

**Receive and consider recommendations from the Public Safety Committee related to:**

**a.) Patrol Activity Report for the month of March;**

Committee Chair Nagar reported that the Committee met on March 23, 2012. He then invited Officer Beserra to present the Patrol Activity Report. Officer Beserra noted that he is a 20-year veteran of the Houston Police Department (HPD) and that he has spent his career working within this geographic area. He reported that 684 arrests were made by District patrol officers during the first quarter of the year, with a total of 171 individuals jailed. He said that the most effective tool for the officers is a Trespass Affidavit, which allows officers to approach people on private property, and said that the Trespass Affidavit Form is available to property owners at the local HPD storefront as well as online. No action was taken.

**b.) Consider Public Safety Services contract.**

Mr. Nagar distributed a proposed "Contract for the Houston Police Department's Coordinator of Security Services," dated April 9, 2012, hereby attached as Exhibit A. He said that the contract should be revised to state that the HPD Coordinator will be compensated for services with a flat fee of \$3,500 monthly. He recommended that the Board approve the contract. Mr. Calderon added that this is a one-year agreement that may be terminated at-will by either party. Upon a motion duly made by Director Robinson and being seconded by Director Llewellyn, the Board voted unanimously to approve the HPD Coordinator of Security Services contract as amended. Mr. Calderon added that the Coordinator will insure that the security vehicles are washed each month as part of routine automobile maintenance costs.

**Receive and consider report from the Business and Economic Development Committee and take action related to:**

Ms. Larson reported that the Committee met March 21, 2012. She introduced Mr. Raymond, who said that upgrades to the District's website are going well and that the newly-redesigned website should be live later today. He explained the vision and strategy for the website in terms of its content, interactive user capabilities and future promotion of District businesses. There was discussion about including the Transportation and Mobility Report on the website.

**a) Approve payment of an amount not to exceed \$750 for a 90-day contract to hire a professional writer to update the Public Relations and Marketing Plan and website;**

Ms. Larson said the Committee requests Board approval of payment of an amount not to exceed \$750 for a 90-day contract to hire a professional writer to update the Public Relations and Marketing Plan and website.

**b) Approve funding in an amount not to exceed \$1,500 for the first 1<sup>st</sup> bi-annual recycling event on April 21;**



Ms. Larson said the Committee seeks approval of funding in an amount not to exceed \$1,500 for the first 1<sup>st</sup> bi-annual recycling event to be held on April 21, 2012.

**c) Approve funding in the amount of \$2,500 for sponsorship of the 34<sup>th</sup> Annual Italian Festival/ St. Thomas University, October 11-14.;**

Ms. Larson explained that the Committee seeks approval for funding in the amount of \$2,500 for sponsorship of the 34<sup>th</sup> Annual Italian Festival/ St. Thomas University, October 11-14, 2012. There was discussion about the strategy and benefits of the Italian Festival sponsorship including: the cost of participation; target audiences; opportunities for District branding and external visibility; methods for District businesses to participate; educational components; measurement tracking; and post-event follow-up activities. Chairman Wynn noted that the Italian Federation is headquartered within the District.

Upon a motion duly made by Director Jara and being seconded by Director Llewellyn, the Board voted unanimously to approve funding for hiring of a professional writer and funding for the recycling event. Upon a motion duly made by Director Stinson and being seconded by Director Llewellyn, the Board voted unanimously to table the funding request of \$2,500 for sponsorship of the 34<sup>th</sup> Annual Italian Festival/St. Thomas University, October 11-14. It was agreed that the Committee will develop a more detailed plan for the District's involvement in this event to present at the next Board meeting.

**Receive Executive Director's Monthly Report on Action Initiatives in Support of the Montrose Management District;**

Mr. Calderon provided the Board with highlights of the Executive Director's Monthly Report, noting that it is included in the Board agenda materials. He said that a topic list is being developed for the quarterly newsletter and that a postcard promoting the upcoming recycling event has been mailed. He distributed a document titled, "Brief Guide for New Board Members," dated April 9, 2012, hereby attached as Exhibit B. Chairman Wynn encouraged the new Board members to become active on committees. No action was taken.

**Adjourn.**

There being no further business to come before the Board, Chairman Wynn adjourned the meeting at 1:25 p.m.

  
Secretary, Board of Directors  
Montrose Management District



**Exhibits:**

Exhibit A: "Contract for Houston Police Department's Coordinator of Security Services,"  
dated April 9, 2012

Exhibit B: "Brief Guide for New Board Members," dated April 9, 2012



April 9, 2012

Officer Victor Beserra  
24111 Haywords Crossing Lane  
Katy, Texas 77494

Re: Letter Agreement for Security Services

Dear Officer Beserra:

This Letter Agreement ("**Agreement**") is made by and between **Montrose Management District**, (the "District") and Officer Victor Beserra, an off-duty Houston Police Department officer (the "Officer"). The District's Service Plan requires the District to implement a program to increase the security in the District. In order to effectuate its obligation, the District seeks to contract with the Officer as an Independent Contractor for the security services outlined in **Exhibit A** (the "Scope of Services").

In exchange for services performed by the Officer within the Scope of Services, the District will render payment to the Officer on a monthly basis by check in accordance with the payment schedule attached hereto as **Exhibit B** (the "Payment Schedule"). The District shall only pay for services actually rendered and shall not pay an Officer for services that such Officer fails to render at the scheduled time. The term of this Agreement shall be one (1) year. This Agreement is terminable at-will by either party to this Agreement.

The Officer hereby agrees to perform its services in a manner consistent with the Scope of Services under this Agreement. This Agreement may be amended or waived if such amendment or waiver is in writing and is signed by the Officer and the District. This written Agreement and attached Exhibits represent the final agreement between the parties and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties.

EXECUTED AND DELIVERED as of \_\_\_\_\_, 2012.

\_\_\_\_\_  
Claude Wynn  
Chairman  
Montrose Management District

\_\_\_\_\_  
Name: Victor Beserra  
Off-Duty Police Officer  
Houston Police Department

## **Exhibit A**

### **Scope of Services**

#### **Coordinator Duties**

- Schedule all off-duty officers working for the District;
- Monitor crime patterns within the District;
- Maintain both patrol vehicles (i.e., ensure maintenance is current; keep vehicles fueled with gas);
- Handle payroll at the end of the month;
- Handle documentation of all of the off-duty officers' shifts during the month; and
- Attend meetings when necessary.

#### **Police Officer Duties**

- Enforce federal, state and local laws;
- Patrol areas within the District; and
- Community Outreach.



## **Exhibit B**

### **Payment Schedule**

- The District shall pay the Officer at a rate of \$42 per hour for providing services designated as "Police Officer Duties" in accordance with the Scope of Services in Exhibit A.
- For the performance of the "Coordinator Duties" outlined in the Scope of Services in Exhibit A, the District shall pay the Officer a coordinator fee at a rate of 15% of the total payout by the District for all off-duty Houston Police Department officers contracting with the District to perform services (during the course of that month) under this Agreement.

**Montrose Management District**  
**Security Patrol/Coordinator Fees**  
 October 2011 through February 2012

	<u>Jul 11</u>	<u>Aug 11</u>	<u>Sep 11</u>	<u>Oct 11</u>	<u>Nov 11</u>	<u>Dec 11</u>
15420-1 · Contract Public Safety Service	12,846.55	14,463.00	15,880.94	17,228.00	18,404.88	22,134.08
15420 · Contract Public Safety Services	6,179.45	6,957.00	7,557.21	8,123.31	8,621.22	10,401.38
<b>Total Security</b>	19,026.00	21,420.00	23,438.15	25,351.31	27,026.10	32,535.46
<b>Victor (As Security Officer)</b>	1,890.00	1,722.00	1,218.00	1,008.00	2,016.00	2,793.00
<b>Coordinator Fees</b>	1,926.38	2,169.45	2,382.14	2,584.20	2,760.26	3,320.01
	926.62	1,043.55	1,145.86	1,243.05	1,327.74	1,596.99
<b>Total Coordinator Fees</b>	2,853.00	3,213.00	3,528.00	3,827.25	4,088.00	4,917.00
<b>Percentage of Total</b>	15.00%	15.00%	15.05%	15.10%	15.13%	15.11%



Montrose Management District  
 Security Patrol/Coordinator Fees  
 October 2011 through February 2012

	Jan 12	Feb 12
15420-1 · Contract Public Safety Service	16,876.23	16,229.05
15420 · Contract Public Safety Services	7,987.77	7,668.95
Total Security	24,864.00	23,898.00
Victor (As Security Officer)	1,008.00	1,218.00
Coordinator Fees	2,532.35	2,433.88
	1,196.65	1,150.12
Total Coordinator Fees	3,729.00	3,584.00
Percentage of Total	15.00%	15.00%

# Brief Guide for New Board Members

Compiled and edited by Hawes Hill Calderon LLP



# Brief Guide for New Board Members

Compiled and edited by Hawes Hill Calderon LLP

# Brief Guide for New District Board Members

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## Introduction

Harris County has over twenty *municipal management districts*, each created to address the specific needs of the communities they serve. Organized either under *general law* (Chapter 375 of the Texas Local Government Code) or a *special law* written for a particular geographic area, a municipal management district is a special purpose district established to promote economic development in commercial areas. Municipal management districts are political subdivisions of the state, and as such are endowed with the functions, powers, authorities, rights and duties that permit them to accomplish the purposes for which they were created. The Texas Commission on Environmental Quality ("TCEQ"), formerly the Texas Natural Resource Conservation Commission, ("TNRCC"), supervises all special purpose districts.

Excerpted in large part from *A Handbook for Board Members of Water Districts in Texas*, 4<sup>th</sup> edition, and modified to fit the special circumstances of municipal management districts, this Brief Guide is intended to provide basic information only and should not be construed as an authoritative reference. Each district is responsible for maintaining a current knowledge of applicable statutes, rules and regulations.



## Brief Guide for New District Board Members

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### Contents

	Pages
<b>The Board of Directors</b>	<b>3-5</b>
Laws Affecting Individual Board Members	
Officers of the Board	
<b>Meetings of the Board</b>	<b>6-12</b>
The Open Meetings Act	
Notices and Agendas for Meetings	
Quorum	
Public's Rights at Open Meetings	
Closed Meetings (Executive Session)	
Penalties for Violating the Open Meetings Act	
The Texas Open Records Act	
Suggestions for Conducting Meetings	
Robert's Rules in a Nutshell	
<b>Staff and Consultants to the Board</b>	<b>13</b>
<b>The "Riggins Rules," Revised and Edited for District Boards</b>	<b>14-18</b>
<b>District Enabling Legislation</b>	

# Brief Guide for New District Board Members

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## The Board of Directors

A board of directors representing property owners and/or residents within the district's boundaries governs each district. Depending on the district's enabling legislation, directors either may be elected by the district's voters or appointed by the County Commissioners Court or City Council of the municipality.

A district's board of directors has broad powers and extensive responsibilities. They receive no compensation from the district and serve part-time. Because board members typically lack the training, experience and time needed to perform the professional and technical services a district may often require, and because they must always guard against conflicts of interest, most boards elect to hire staff or contract with consultants to carry out the district's day-to-day operations.

### The board

- defines the district's short-term and long-term objectives
- manages and controls all affairs of the district, including employment, financial management, purchasing, compliance and others
- establishes policies in the interests of the district's residents, businesses and institutions.

These broad responsibilities cannot be delegated to staff, consultants or contractors.

Each director must qualify to serve on the board, take an oath of office, and provide a bond in the amount of \$10,000 payable to the district and conditioned on faithful performance of duties. (The district generally pays for the bond.) Each director must also make a sworn statement required by the Texas Constitution.

Each director has the civic responsibility to

- attend board meetings
- be informed on the issues
- vote in board meetings
- always act in the best interest of the district and its constituents
- have an overall view of the district
- make timely decisions at board meetings
- review staff and consultant performance annual



# Brief Guide for New District Board Members

## Laws Affecting Individual Board Members

Public officials serve under a variety of statutes intended to protect the public interest. These laws require disclosure of information or prohibit certain types of conduct. In addition, a director may face potential liability for actions taken as a public official. The following describe special areas of concern.

**Excessive absences** from board meetings may lead to removal. Under section 49.052 (h), Water Code, which governs all Houston municipal management districts, a board may remove a director if that director has missed one-half or more of the regular meetings scheduled in the prior 12 months. In addition, a board member is considered to have resigned if he or she fails to attend three consecutive board meetings. A board member who is removed due to absences may be reappointed by a majority vote of the remaining board members.

**Nepotism** involves favoritism toward a relative. Usually, a director commits official misconduct if he approves or votes for the appointment of any relative of any board member to a position paid for with public funds. Among other limited exceptions, this prohibition does not apply to relatives continuously employed in the job or position for at least one year before the related board member began serving. Chapter 573, Texas Government Code, addresses nepotism and defines the degrees of relationship involved in these issues.

**Bribery and gifts to public officials** are prohibited under Chapter 36 of the Texas Penal Code. A director would commit bribery by asking for, accepting, or even agreeing to accept, something of value as consideration for some decision or exercise (whether past, present, or future) of discretion as a public servant. This statute also prohibits the acceptance of a gift by a public official. Certain exceptions are stated, such as the acceptance of food, lodging, transportation, or entertainment accepted as a guest.

**Criminal abuse of office** occurs if a public servant intentionally exercises his official powers without authority, fails to perform a required duty, or improperly takes or uses any government property. In addition, a public servant commits official oppression if he unlawfully takes advantage of his official capacity either to mistreat someone or to impede someone's rights. A public official abuses his office if he misuses information that he received ahead of the public because of his official capacity. Misuse includes reliance on that information to speculate or acquire an economic advantage for himself or someone else.

**Conflict of interest** laws, founded in Chapter 171, Texas Local Government Code, require that a director reject any benefit for his past official actions in favor of another person. A director must also reject any job, favor, or other benefit that might tend, or is intended, to impair or influence his official conduct or independence. In addition, a board member must not engage in any business activity that might lead him to reveal confidential information he received through his official position.



## Brief Guide for New District Board Members

**Public financial disclosure**, described in Chapter 171, Texas Local Government Code, requires a director with a substantial interest in a business entity that a board action might affect to file before any vote or decision in the matter an affidavit stating the nature and extent of the interest. An interested director may not discuss or vote on that matter. A violation will render the action voidable. The Texas Penal Code also requires certain public servants to file affidavits about any interest they may have in any property that they know is being acquired with public funds.

### Officers of the Board

The board generally appoints its own officers. (In some cases a district's enabling legislation will name a particular person to serve as the presiding officer of the initial board.) Officers usually include a president (or chairman), vice president (or vice chairman), and secretary. For convenience, we will use the terms "president" and "vice president" in this guide.

The president is the chief executive officer of the district and presides over board meetings. The vice president, if the board decides to elect one, presides in the absence of the president and carries out any other duties the board determines. The secretary is charged with keeping all records and books of the district. The board may appoint an assistant or deputy secretary to aid the secretary and may also appoint a treasurer.

Districts must also designate persons to serve as records management officer and investment officer. The records management officer ensures that the maintenance, destruction, electronic storage or other disposition of official records of the district are carried out according to the requirements of the Local Government Records Act and the board's own records management program. Most district boards appoint a staff member or consultant to perform this function.

The investment officer is responsible for acting on behalf of the district's board in making decisions on how to invest the district's funds. The board may name one or more directors, consultants, employees or its bookkeeper to act in this capacity. The investment officer may only make decisions according to the limits set by the board in its adopted Investment Policy and according to the requirements of the Public Funds Investment Act (PFIA) and the Public Funds Collateral Act (PFCA). In addition, the investment officer must report to the Board at least quarterly on all investment transactions and on the market value of all investments as of the report date. Finally, persons serving as investment officers must receive at least six hours of training within the first 12 months of taking office and four hours of training every two years thereafter.

### Meetings of the Board

The board may establish regular meetings and hold special meetings in accordance with the Texas Open Meetings Act requirements.



# Brief Guide for New District Board Members

## The Open Meetings Act

The Texas Open Meetings Act and the Public Information Act (Govt. Code Chapters 551 and 552) apply to nearly every governmental body in Texas, yet there has not been a consistent way for public officials to receive training on how to comply with these laws. This is significant because a failure to comply with either the Open Meetings Act or Public Information Act may result in civil and criminal penalties for public officials, and can also lead to a general breakdown of confidence in our governing bodies.

The Office of the Attorney General has found that in most cases where a governmental body violates the open government laws, it is the result of public officials simply not knowing what the law requires. Inconsistent and inaccurate legal advice regarding these laws has sometimes added to the confusion.

Attorney General Greg Abbott called on the 79<sup>th</sup> Texas Legislature to enact legislation to require public officials to obtain open government training in an effort to promote openness and increase compliance with our "Sunshine laws." The Legislature responded by passing Senate Bill 286, which requires public officials to receive training in the requirements of the Open Meetings Act and Public Information Act. This bill was signed into law by Governor Perry on May 20, 2005 and will take effect January 1, 2006.

SB 286 requires each elected or appointed official who is a member of a governmental body to attend at least two hours of open government training, consisting of a one-hour educational course on the Open Meetings Act and one-hour educational course on the Texas Public Information Act. Training is not to exceed a maximum of four hours. This is a one-time-only training requirement; no continuing education courses are required.

Additionally, employees who serve as a governmental body's designated public information coordinator are required to complete the Public Information Act training course.

The Open Meetings Act and its companion, the Texas Public Information Act ("Open Records Act"), are intended to make government accessible to the public. This means that a district must hold open public meetings and must give adequate notice that a meeting will be held and what specific items will be discussed and considered at the meeting. It also must open most of its records to the public on demand.

The Open Meetings Act applies

- when a quorum of the board is present and discusses public business
- if a board receives a briefing from staff
- if a committee comprising board members holds a meeting

The Open Meetings Act does not apply to

- purely social gatherings
- attendance at conferences or training programs
  - if discussion of public business is only incidental at such events
  - if no formal actions are taken at such events

## Brief Guide for New District Board Members

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### Notices and Agendas for Meetings

The Open Meetings Act requires the board to post a notice and agenda of any upcoming meeting at least 72 hours before the meeting takes place. The Texas Government Code requires the district to post a notice and agenda with the Harris County Clerk's office, 1001 Preston, and at some public location within the district's boundaries. The public must have ready access to both posting places at all times during this 72-hour period.

The notice and agenda posting must contain the date, hour, place and a specific description of each agenda item to be discussed at the meeting. Broad agenda items such as "old business," "new business," "personnel matters," or "litigation matters" don't meet the Act's requirements. Moreover, unless an agenda item specifically states that the board may take action on an item, the board may not act. In short, this means that the board may not deliberate or make any decision about an unposted issue.

If a director or member of the public wishes to discuss an item not posted on the meeting agenda, there are four options available:

- The president may respond with a statement of specific fact or recite the board's existing policy.
- The president may direct the person raising the item to visit with staff on the matter.
- The president may offer to post the item as an emergency if it meets the criteria for an emergency.
- The president may offer to place the item on a future agenda.

If the board must change the date or time of a posted meeting, the 72-hour notice rule applies to the new date and time.

In the case of an emergency, a posting must occur at least two hours before the emergency meeting, and the agenda must state the reason for the emergency. An emergency is a reasonably unforeseen situation in which there is an imminent threat to health and safety.

### Quorum

A majority of the number of directors constitutes a quorum. A majority of directors at a meeting at which there is a quorum present may take action for the district. If there is no quorum, there is no meeting.



## Brief Guide for New District Board Members

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### Public's Rights at Open Meetings

The Open Meetings Act allows the public to observe the open portion of a board meeting. However, the Act does not give the public a right to speak at the meeting. The board, at its discretion, may wish to create a standing agenda item at the beginning or the end of a meeting to allow the public to express its concerns and ask questions. The board may also establish reasonable rules governing the public's input, such as the length of time a member of the public may be allowed to address the board or the number of speakers it will hear on a particular topic.

A person attending a public meeting may record all or any part of the meeting.

### Closed Meetings (Executive Session)

A meeting or a portion of a meeting may be closed to the public under very limited circumstances, including

- contract negotiations
- consultations with the board's attorney about litigation
- consideration of personnel matters, real property transactions and security deployment

A board should seek the advice of its attorney on what matters may be considered in a closed meeting.

The following rules apply when a meeting is closed.

- The board first must convene in open session.
- The presiding officer (usually the president) announces that an executive session is about to be held, announces the time at which it will begin, and cites the statutory authority under which the board is holding the executive session.
- The public is dismissed from the executive session. Only the governing body and essential staff or legal counsel may attend.
- The members of the governing body may receive a briefing from an attorney or staff member about the matter at hand. However, they may not act (make a decision, discuss a possible motion, or vote) in executive session.
- When the executive session is over, the board must reconvene in open session. The president calls the open session back to order, noting the time of reconvening for the records. The board may then, and only then, consider motions and take action on items discussed in executive session.

## Brief Guide for New District Board Members

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A separate record of the subject discussed in executive session – written or tape-recorded – must be kept for all sessions that don't involve litigation and conference with the attorney. The written record is called a "certified agenda."

### Penalties for Violating the Open Meetings Act

A board member is guilty of a misdemeanor and subject to a fine and imprisonment for the following actions:

- knowingly calling or aiding the calling of a closed meeting without following the prescribed procedures
- knowingly closing or aiding the closing of a regular meeting without following the prescribed procedures
- knowingly participating in an unlawfully closed meeting
- knowingly conspiring to bypass the Open Meetings Act by meeting in numbers less than a quorum.

### The Texas Public Information Act (Open Records Act)

Subject to some exemptions, the general public has access to all information collected, assembled, or maintained in connection with the transaction of official public business. The district must keep in the district's office all minutes, contracts, records and other materials containing public information. The district must permit public inspection of these materials.

Public information includes reports, publicly paid salaries, voting records, tax records, procedural rules, audits and many other items.

### Suggestions for Conducting Meetings

Established rules and procedures will help board meetings function properly, fairly and orderly. Many boards adopt *Robert's Rule of Order* for conducting business and bringing issues before the board for consideration, although each board is free to develop its own procedures as long as fairness results and the requirements of the law are satisfied.

The president provides meeting leadership, ensuring that

- members act in accordance with the board's established rules
- meetings move along and adhere to the posted agenda



## Brief Guide for New District Board Members

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In addition, the president should

- limit discussion to only one topic at a time
- set aside some time at each board meeting for comments from the public
- if many people want to speak to the board on a topic, set some time limit on how long each may speak (say, three minutes)
- recognize people who wish to speak

### Robert's Rules of Order – In a Nutshell

**Making and seconding a motion.** A motion begins discussion and debate on a particular subject. The proper form for making a motion is: “Mr. President, I move that ...”. Once a motion is made, another board member must second it or the motion dies. Once seconded, board discusses the motion and then votes on it.

**Amending a motion.** Any motion may be amended as follows: “Mr. President, I move that we amend the motion by (adding, striking out, etc.) the words ...”. If seconded, the amendment can be discussed. When discussion ends, first vote on whether to accept the motion to amend. Then, if the amendment passes or fails, the original motion is subject to further debate and a vote.

**Change by a substitute motion.** Another way to change an original motion is by using a substitute motion. A substitute motion is just an amendment that changes an entire sentence or paragraph. It can be discussed only after being seconded. It differs from an amendment only in that it entirely replaces the original motion if the substitute motion passes. A substitute motion may be amended.

**Postpone a motion.** Sometimes the board may wish to defer action on a motion. One way to accomplish this is to postpone to a certain day the consideration of a main motion. This is done simply by making a motion to postpone consideration of the motion until a definite future date. When seconded, the motion to postpone is open for discussion. Following discussion, the board votes. If the motion to postpone fails, discussion on the main motion continues.

**Lay a motion on the table.** Another method of delaying a decision is to lay a motion on the table. When discussion on the main motion has ended, or is about to end, it is proper to move that a main motion be laid on the table. For something to be laid on the table, it must be moved and seconded. A vote, without discussion, is taken immediately.

Once the board decides to lay a motion on the table, the motion cannot be brought up again until the board votes to do so. Although a tabled motion may be brought from the table during the same meeting, this usually occurs at a later meeting when the board considers unfinished business. Rather than tabling a motion, it is often better to postpone a motion to a certain time. This makes it unnecessary to recall the motion.



## Brief Guide for New District Board Members

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**Motion to refer.** A motion to refer the main motion to a committee or person for further study can also delay a vote. After a motion to refer is made and seconded, it is open to discussion and to motions to amend that specify where the main motion should be referred. The motion to refer, as amended, is then voted on. If it passes, the main motion is referred; if it fails, discussion on the main motion begins.

**Point of order.** Whenever a member believes an incorrect procedure is being used, he can interrupt with a point of order to require the president to decide the correct procedure.

**Suspension of the rules.** Occasionally board members may want to discuss an item of business without the constraint of any rules. To do this, the members must move and second a motion to suspend the rules. Unless the board's rules require otherwise, two-thirds of the members present must vote to suspend the rules. The motion is not debatable and must be voted upon once seconded.

# Brief Guide for New District Board Members

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## Staff and Consultants to the Board

Most district boards will require the services of a variety of professional staff and technical consultants, or a combination of both, to aid in their responsibilities. The following describe functions performed by staff or consultants.

### **General Manager**

A general manager provides professional administration for the district, coordinating the work of the district's staff and consultants, carrying out the district's plans, managing the district budget and monitoring all facets of the district's operations.

### **Bookkeeper**

The bookkeeper is responsible for cash receipts and disbursements, including bond payments authorized by the board. The bookkeeper maintains detailed cash and accrual records and a variety of separate bank accounts for this purpose according to statutory and regulatory requirements. The bookkeeper also monitors investments, collateral coverage, tax collections, and other financial matters as directed by the board, staff or consultants.

### **Attorney**

The attorney serves the district as its general legal counsel, and as such, is directed by the board to perform necessary legal services. The attorney handles the legal work associated with the creation and ongoing operations of the district, elections, notices and filing requirements, and bond issuance. The attorney may help in obtaining permits, drawing up contracts, and handling annexation procedures. The attorney may also serve as a negotiator or litigator. Attorneys typically prepare board resolutions and orders and keep the board informed of all statutes, rules and regulations affecting the district.

### **Financial Advisor**

The financial advisor, often a municipal bond dealer, helps a district structure and market its bonds and prepares the bond sale documents. The financial advisor may also help a district in managing its everyday financial operations by providing recommendations, preparing informational reports and providing other services.

### **Auditor**

The auditor, a state-licensed public accountant, conducts the district's annual audit according to state rules and professional guidelines. The auditor also advises the district on improvements to be made in its accounting system and areas of noncompliance with statutes, regulations and contractual obligations.



## Brief Guide for New District Board Members

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### The "Riggins Rules," Revised and Edited for District Boards

Fred Riggins, a former chairman of the Phoenix Planning Commission, wrote the "Riggins Rules" in 1967 for new public appointees to the commission. Although written nearly 30 years ago, many of rules still hold true today for all kinds of public bodies. Some of the rules may seem harsh, and some may not apply directly to your situation as a district board member. However, many offer good, general advice to anyone appointed to a position of public trust. They are a reflection of how one gentleman viewed his position as a board and commission member and have been included in this guide for your review and reflection. *(The source of "Riggins Rules" is the Institute for Community Involvement, LLC. We have taken the liberty of revising the Rules to be most relevant to district board members.)*

- 1. Don't accept an appointment or nomination to a board** unless you expect to attend 99.9999 percent of the regular and special meetings, including inspection trips, briefings and public functions where your presence is expected. If your participation falls below 85 percent during any six-month period, you should tender your resignation. You aren't doing your job. You aren't keeping well enough informed to make intelligent decisions, and you're making other people do your work for you and assume your not inconsiderable responsibilities. Your effectiveness and the regard given to your opinions by other members will be in direct relation to your attendance.
- 2. Do create a good impression of government.** Remember that this is the first contact that many people have with local government. For some, this is the most important matter in which they have ever been involved. Many will never be back again and many will never have another such contact or experience. Your performance will create, in their minds, the picture that they will always carry with them of "the way the government is run." Make it as pleasant and comforting a picture as possible
- 3. Do be on time.** If the meeting is scheduled at 7:30 p.m., the gavel should descend that exact hour, and the meeting should begin. If you have to wait ten minutes for a quorum and there are 100 people in the room, the straggler has wasted two full working days of someone's time besides creating a very bad beginning for what is a very important occasion for most of those present.
- 4. Dress professionally.** Many people in the audience think that you're an important person. Don't disappoint them by your appearance, conduct or attitude.
- 5. Don't mingle with friends, acquaintances, applicants or objectors in the audience** before the meeting or during a recess period, if it can be politely avoided. You will invariably create the impression that there is something crooked going on. Save your socializing and fraternizing for some other time and place.
- 6. Don't discuss an issue privately** and as a single member of a body with an someone seeking a favorable board decision or prior to the meeting. In the event that such contact is unavoidable, be very noncommittal. Don't be too free with advice. Explain



## Brief Guide for New District Board Members

that you're only one member of the board, that you've not had an opportunity to study the matter thoroughly, that you have not seen the staff recommendation, and that you've no way of knowing what opposition may develop or what will occur at the public meeting. Even if a case (issue) looks pretty cut-and-dried to you, it's wise to be pessimistic about chances of securing approval. If you give an applicant any encouragement or advice and they're denied, the applicant will hate you until your dying day. If you've been unable to avoid these "ex parte" contacts, you should put them on record at the meeting.

**7. Do your homework.** Spend any amount of time necessary to become thoroughly familiar with each matter that comes before you. It is grossly unfair for you to act on a matter with which you have no previous knowledge or with which you are only vaguely familiar. Additionally, as a result, you'll make some horrible and disturbing decisions.

**8. Don't indicate by word or action how you intend to vote** during the portion of the meeting devoted to comments and presentations by any persons appearing for or against an issue or by members of the staff. During this period your board is the judge and the jury. It's no more appropriate for you to express an opinion as to the proper decision prior to hearing all testimony than it would be for a judge or jury member to announce their firm conviction in the middle of a court trial regarding the guilt or innocence of a defendant. This is not clearly understood by a majority of persons sitting on public panels. It is not too difficult to phrase one's questions/comments in a manner that implies that you are seeking information rather than stating an irrefutable fact, and that your mind is closed to further argument.

**9. Don't fail to disqualify yourself** if either directly or indirectly you have any financial interest in the outcome of a decision. Let your conscience be your guide where it could be said that moral, ethical, political, or other considerations, such as personal animosity, would not permit you to make a fair and impartial decision.

**10. Do rotate the seating** in some regular manner each successive meeting. This will prevent the forming of little cliques.

**11. Do be polite and impartial.** Be as helpful as possible to the nervous, the frightened and the uneducated. Be patient with the confused.

**12. Do be attentive.** Those appearing before you have probably spent hours preparing and rehearsing their arguments. The least you can do is listen and make them think that you are as interested as you should be. Refrain from talking to other members, passing notes and studying unrelated papers.

**13. Don't interrupt a presentation** until the question period, except for very short and necessary clarifying remarks or queries. Most presenters have arranged their remarks in logical sequence and the item about which you're concerned will probably be covered if you can force yourself to be quiet for a few minutes.



## Brief Guide for New District Board Members

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**14. Don't permit more than one person** at the podium and microphone at any one time.

**15. Don't permit a person to directly question** or interrogate other persons in the audience. All questions should be addressed to the Chair and to the board. Do not permit anyone to demand answers to all and sundry questions especially if it is obviously done for the purposes of harassment.

**16. Don't use first names** in addressing anyone during the course of a meeting. This includes audience, staff, and members of your particular body -- even if the person concerned is your brother or your best friend. Nothing, repeat nothing, creates a more unfavorable impression than this practice. It is poor hearing manners that destroys the formality of an occasion and causes people to think that some sort of "buddy-buddy" deal is about to be consummated.

**17. Do show great respect for the Chair**, and always wait to be recognized. This will set an example for the audience and others wishing to be heard. It will contribute a great deal toward the orderliness of the proceedings.

**18. Don't be too critical** of attorneys who sometimes give unnecessarily lengthy presentations on behalf of their clients. Avoid the strong temptation to make matters as difficult as possible for them. They're just trying to make a living and must convince their client that they are really earning the rather substantial fee which they feel their service merits.

**19. Don't indulge in personalities**, and don't permit anyone else to do so.

**20. Don't try to make any person** appearing before you look like a fool by the nature of your questions or remarks. This is often a temptation, especially when it is apparent that someone is being slightly devious and less than forthright. But don't do it. If you must "expose" someone, do it as gently and kindly as possible.

**21. Don't become involved in altercations.** Some persons come to meetings with the express purpose of causing trouble. If you answer their irrelevant ranting, you're immediately involved in a fight. Don't answer or try to defend yourself. You're there to hear testimony and make decisions based thereon, not to head up a debating society.

**22. Do invite interested persons to come forward** where they can see when a presenter is discussing or talking from a diagram, site plan, or exhibit which is not completely visible to the audience.

**23. Do not permit people to speak from the audience.** If it's important enough for them to speak at all, it's important enough for them to be recognized, come forward, give their name and address and say what they care to, if their remarks are pertinent.



## Brief Guide for New District Board Members

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**24. Do not permit people to leave the podium and microphone** and approach closer to the governing body except in unusual circumstances, usually to show a small exhibit or to explain some detail. This ordinarily breaks down into a small mumbling session at one end of the dais with one or two members of the governing body; the others are uncertain about what is going on. The conversation usually does not get recorded, cannot be heard by the audience, and is almost impossible to control from the Chair.

**25. Don't become involved in neighborhood quarrels** or you'll wind up as a referee. Stick to the merits of an issue and rule out-of-order testimony which is irrelevant, personal, hearsay and not pertinent to the matter being heard.

**26. Don't be vindictive** and "punish" a presenter for some real or imagined affront to you or your panel on some previous occasion, perhaps bearing no relation to the present meeting. It must be assumed that he/she is there legally, he/she has a right to be heard, and he/she has a right to fair and impartial hearing on the merits of his/her case without reference to something that he/she might or might not have done in the past or will perhaps do in the future.

**27. Don't try to be a hero.** Be sympathetic, but objective. Don't get carried away with such a strong desire to help that you throw the rulebook out the window. Ninety-nine times out of a hundred you will do them some questionable service at the expense of their neighbors or the district and your kind-hearted action will come back to haunt you much sooner than anyone could have imagined. Stick to the rules.

**28. Do not take staff recommendations lightly.** These recommendations are made after much study by professional people with years of experience in their field and are based on pertinent laws, ordinances, regulations, policies and practices developed by you and your predecessors. The recommendations of staff in possession of all of the factors will almost always produce a technically correct recommendation. Your job is to temper this recommendation with information developed during the meeting, which was not available to the staff. It is not unusual for staff to voluntarily reverse or change the details of its recommendation during the course of a meeting. Always announce the staff recommendation prior to hearing any discussion and always make appropriate mention of it in the final decision.

**29. Don't forget that the staff is there to help.** It's composed of very capable professional people with vast experience. Lean on them heavily. They can pull you out of many a bad spot if you give them a chance. Or they may just sit and let you stew, if you do not give them respect, which is their due. Remember that their usual practice is to remain silent unless they're specifically asked to comment. Most of them consider it presumptuous and unprofessional to inject any unsolicited comments into the hearing. Always ask staff to comment prior to a final vote.

**30. Don't try to answer technical questions** even if you're sure that you know the answer. You probably don't and will wind up looking like a fool. Refer these matters to



## Brief Guide for New District Board Members

the staff. That is one of the things they are there for. They have intimate day-by-day working experience with all pertinent ordinances and can nearly always give a timely, up-to-the-minute professional dissertation on any subject in their field. It reinforces an important image of competency that is most helpful in assuring the public that their issues receive more than a cursory glance and an arbitrary decision. Lay members of a governing body who "explain" ordinances or statutes to the audience usually wind up their less-than-accurate remarks with the pretty lame comment, "that's the way I understand it and if I am wrong, I would appreciate it if the staff would correct me." The staff usually does correct them and ordinarily, at some length. Don't try to show how smart you are. You're not.

**31. Do vote by roll call**, except for routine administrative matters. This is wonderful character training for each member of the governing body and emphasizes the "moment of truth" when he/she must look the public in the eye, make his own individual decision, and say "aye" or "nay" in a loud clear voice, all alone, with no one to hide behind. The alternate voting method is difficult for the secretary to record, doesn't mean anything on a tape recording, is many times quite confusing, and gives cowards an opportunity to change their minds and vote twice when they are caught in the minority.

**32. Don't show any displeasure or elation**, by word or action, over the outcome of a vote. This is very bad meeting manners and won't lead to the maintenance of a friendly cooperative spirit among members of a panel. It'll lead to the creation of little cliques whose members vote in a block and become more interested in clobbering each other than in making fair and equitable decisions.

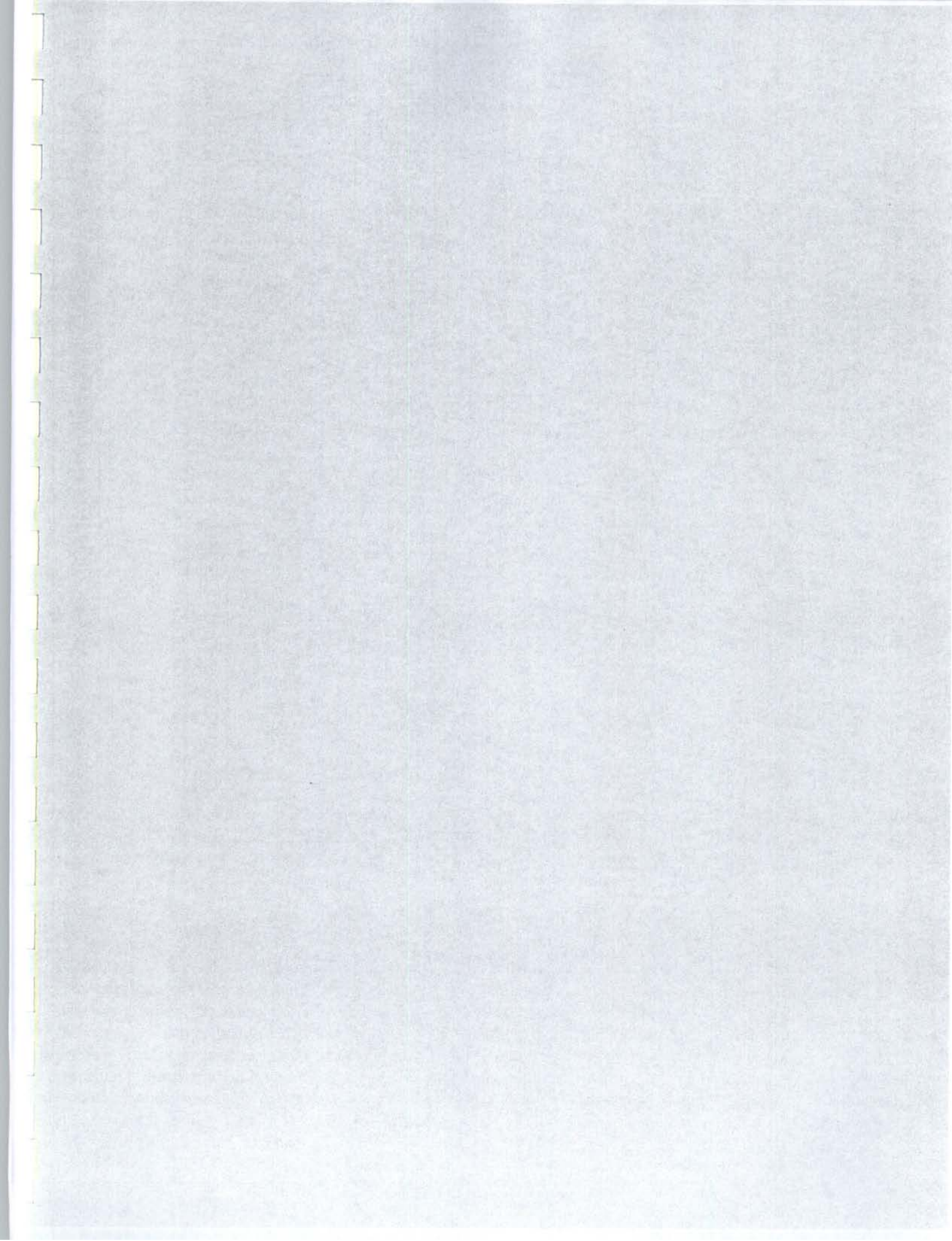
**33. Do discourage any post-mortem remarks** after the final vote is taken and a decision is announced.

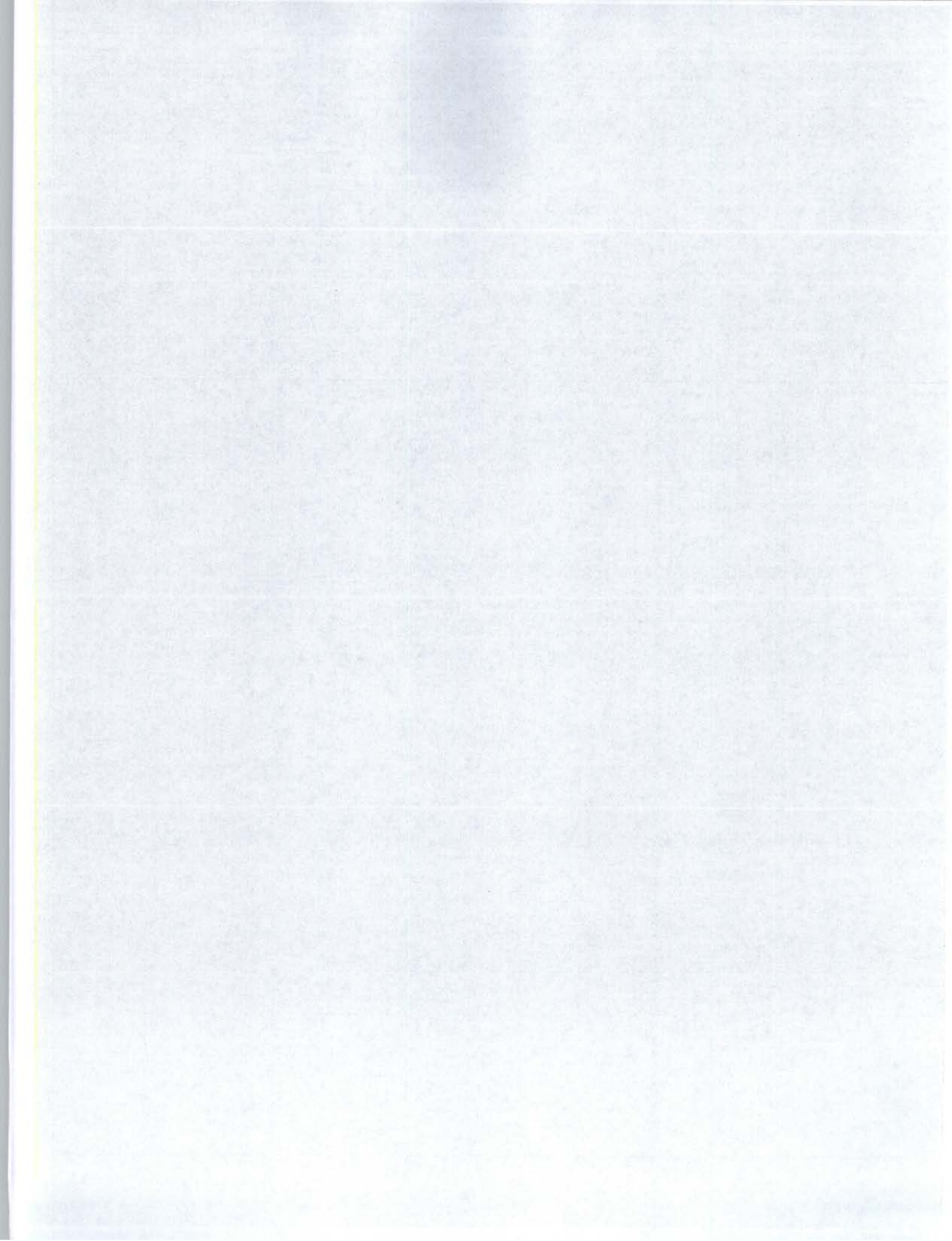
**34. Do not hesitate to continue a case or take it under advisement** if more information or greater deliberation is necessary. But, don't use administrative actions to avoid or delay making a decision before a hostile citizen or audience.

**35. Do sit down and have a long soul-searching session with yourself** if you find that you are consistently "out in left field," that no one seems inclined to second your profound motions, and that you're quite often a minority of one. You may be theoretically right (and probably are). But, give some thought to what is practical, possible and just. Don't be "stiff-necked" in your opinions -- give a little.

**36. Don't select a chairman on a seniority basis alone** and don't pass the office along from member to member as a reward and honor. The nicest guy in the world, the hardest working, the most interested and your most valuable member can be indescribably horrible in the Chair. This is just one of those facts of life which is hard to explain, but, unfortunately, is all too true. As occasion presents itself, give prospective chairmen a chance to head up a subcommittee, report on special projects, and otherwise prepare themselves and demonstrate their abilities and leadership under pressure.









SPECIAL DISTRICT LOCAL LAWS CODE

TITLE 4. DEVELOPMENT AND IMPROVEMENT

SUBTITLE C. DEVELOPMENT, IMPROVEMENT, AND MANAGEMENT

CHAPTER 3843. HARRIS COUNTY IMPROVEMENT DISTRICT NO. 6

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 3843.001. DEFINITIONS. In this chapter:

(1) "Board" means the board of directors of the district.

(2) "District" means the Harris County Improvement District No. 6.

Added by Acts 2005, 79th Leg., Ch. 769, Sec. 1, eff. June 17, 2005.

Sec. 3843.002. HARRIS COUNTY IMPROVEMENT DISTRICT NO. 6. A special district known as the "Harris County Improvement District No. 6" is a governmental agency and political subdivision of this state.

Added by Acts 2005, 79th Leg., Ch. 769, Sec. 1, eff. June 17, 2005.

Sec. 3843.003. PURPOSE; DECLARATION OF INTENT. (a) The creation of the district is essential to accomplish the purposes of Sections 52 and 52-a, Article III, and Section 59, Article XVI, Texas Constitution, and other public purposes stated in this chapter. By creating the district and in authorizing Harris County, the City of Houston, and other political subdivisions to contract with the district, the legislature has established a program to accomplish the public purposes set out in Section 52-a, Article III, Texas Constitution.

(b) The creation of the district is necessary to promote, develop, encourage, and maintain employment, commerce, transportation, housing, tourism, recreation, the arts, entertainment, economic development, safety, and the public welfare in the area of the district.

(c) This chapter and the creation of the district may not be interpreted to relieve Harris County or the City of Houston from providing the level of services provided as of September 1, 2005, to

the area in the district or to release the county or the city from the obligations of each entity to provide services to that area. The district is created to supplement and not to supplant the county or city services provided in the area in the district. Added by Acts 2005, 79th Leg., Ch. 769, Sec. 1, eff. June 17, 2005.

Sec. 3843.004. FINDINGS OF BENEFIT AND PUBLIC PURPOSE. (a) The district is created to serve a public use and benefit.

(b) All land and other property included in the district will benefit from the improvements and services to be provided by the district under powers conferred by Sections 52 and 52-a, Article III, and Section 59, Article XVI, Texas Constitution, and other powers granted under this chapter.

(c) Each improvement project or service authorized by this chapter is essential to carry out a public purpose.

(d) The creation of the district is in the public interest and is essential to:

(1) further the public purposes of developing and diversifying the economy of the state;

(2) eliminate unemployment and underemployment; and

(3) develop or expand transportation and commerce.

(e) The district will:

(1) promote the health, safety, and general welfare of residents, employers, employees, visitors, and consumers in the district, and of the public;

(2) provide needed funding for the district to preserve, maintain, and enhance the economic health and vitality of the area as a community and business center;

(3) promote the health, safety, welfare, and enjoyment of the public by providing public art and pedestrian ways and by landscaping and developing certain areas in the district, which are necessary for the restoration, preservation, and enhancement of scenic and aesthetic beauty;

(4) promote and benefit commercial development and commercial areas in the district; and

(5) promote and develop public transportation and pedestrian facilities and systems using new and alternative means

that are attractive, safe, and convenient, including securing expanded and improved transportation and pedestrian facilities and systems, to:

(A) address the problem of traffic congestion in the district, the need to control traffic and improve pedestrian safety, and the limited availability of money; and

(B) benefit the land and other property in the district and the residents, employers, employees, visitors, and consumers in the district and the public.

(f) Pedestrian ways along or across a street, whether at grade or above or below the surface, and street lighting, street landscaping, and street art objects are parts of and necessary components of a street and are considered to be a street or road improvement.

(g) The district will not act as the agent or instrumentality of any private interest even though the district will benefit many private interests as well as the public.

Added by Acts 2005, 79th Leg., Ch. 769, Sec. 1, eff. June 17, 2005.

Sec. 3843.005. DISTRICT TERRITORY. (a) The district is composed of the territory described by Section 2 of the Act enacting this chapter, as that territory may have been modified under:

- (1) Section 3843.105;
- (2) Subchapter J, Chapter 49, Water Code; or
- (3) other law.

(b) The boundaries and field notes of the district contained in Section 2 of the Act enacting this chapter form a closure. A mistake in the field notes or in copying the field notes in the legislative process does not in any way affect:

- (1) the district's organization, existence, and validity;
- (2) the district's right to issue any type of bond, including a refunding bond, for a purpose for which the district is created or to pay the principal of and interest on the bond;
- (3) the district's right to impose and collect an assessment or tax; or
- (4) the legality or operation of the district or the



board.

(c) A description of the district's boundaries shall be filed with the Texas Commission on Environmental Quality. The commission by order may correct a mistake in the description of the district's boundaries.

Added by Acts 2005, 79th Leg., Ch. 769, Sec. 1, eff. June 17, 2005.

Sec. 3843.006. TORT LIABILITY. The district is a governmental unit under Chapter 101, Civil Practice and Remedies Code, and the operations of the district are essential government functions and are not proprietary functions for any purpose, including the application of Chapter 101, Civil Practice and Remedies Code.

Added by Acts 2005, 79th Leg., Ch. 769, Sec. 1, eff. June 17, 2005.

Sec. 3843.007. ELIGIBILITY FOR REINVESTMENT ZONES. All or any part of the area of the district is eligible to be included in a tax increment reinvestment zone created by the City of Houston under Chapter 311, Tax Code.

Added by Acts 2005, 79th Leg., Ch. 769, Sec. 1, eff. June 17, 2005.

Sec. 3843.008. LIBERAL CONSTRUCTION OF CHAPTER. This chapter shall be liberally construed in conformity with the findings and purposes stated in this chapter.

Added by Acts 2005, 79th Leg., Ch. 769, Sec. 1, eff. June 17, 2005.

#### SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 3843.051. BOARD OF DIRECTORS; TERMS. (a) The district is governed by a board of 11 directors who serve staggered terms of four years with five or six directors' terms expiring June 1 of each odd-numbered year.

(b) The board by resolution may increase or decrease the number of directors on the board, but only if a majority of the board finds that it is in the best interest of the district to do so. The board may not:

(1) increase the number of directors to more than 15;

or

(2) decrease the number of directors to fewer than five.

(c) Sections 49.053, 49.054, 49.056, 49.057, 49.058, and 49.060, Water Code, apply to the board.

(d) Subchapter D, Chapter 375, Local Government Code, applies to the board to the extent that subchapter does not conflict with this chapter.

Added by Acts 2005, 79th Leg., Ch. 769, Sec. 1, eff. June 17, 2005.

Sec. 3843.052. APPOINTMENT OF DIRECTORS ON INCREASE IN BOARD SIZE. If the board increases the number of directors under Section 3843.051, the board shall appoint qualified persons to fill the new director positions and shall provide for staggering the terms of the directors serving in the new positions. On expiration of the term of a director appointed under this section, a succeeding director shall be appointed and qualified as provided by Subchapter D, Chapter 375, Local Government Code.

Added by Acts 2005, 79th Leg., Ch. 769, Sec. 1, eff. June 17, 2005.

#### SUBCHAPTER C. POWERS AND DUTIES

Sec. 3843.101. DISTRICT POWERS. The district has:

(1) all powers necessary to accomplish the purposes for which the district was created;

(2) the rights, powers, privileges, authority, and functions of a district created under Chapter 375, Local Government Code;

(3) the powers, duties, and contracting authority specified by Subchapters H and I, Chapter 49, Water Code;

(4) the powers given to a corporation under Chapter 505, Local Government Code, including the power to own, operate, acquire, construct, lease, improve, and maintain the projects described by that chapter; and

(5) the powers of a housing finance corporation created under Chapter 394, Local Government Code.

Added by Acts 2005, 79th Leg., Ch. 769, Sec. 1, eff. June 17, 2005.



Amended by:

Acts 2007, 80th Leg., R.S., Ch. 885, Sec. 3.63, eff. April 1, 2009.

Sec. 3843.102. NONPROFIT CORPORATION. (a) The board by resolution may authorize the creation of a nonprofit corporation to assist and act for the district in implementing a project or providing a service authorized by this chapter.

(b) The nonprofit corporation:

(1) has each power of and is considered for purposes of this chapter to be a local government corporation created under Chapter 431, Transportation Code; and

(2) may implement any project and provide any service authorized by this chapter.

(c) The board shall appoint the board of directors of the nonprofit corporation. The board of directors of the nonprofit corporation shall serve in the same manner as, for the same term as, and on the same conditions as the board of directors of a local government corporation created under Chapter 431, Transportation Code.

Added by Acts 2005, 79th Leg., Ch. 769, Sec. 1, eff. June 17, 2005.

Sec. 3843.103. ELECTIONS. (a) District elections must be held in the manner provided by Subchapter L, Chapter 375, Local Government Code.

(b) The board may submit multiple purposes in a single proposition at an election.

Added by Acts 2005, 79th Leg., Ch. 769, Sec. 1, eff. June 17, 2005.

Sec. 3843.104. CONTRACT FOR LAW ENFORCEMENT AND SECURITY SERVICES. The district may contract with:

(1) Harris County or the City of Houston for the county or city to provide law enforcement and security services for a fee; and

(2) a private entity for the private entity to provide supplemental security services.

Added by Acts 2005, 79th Leg., Ch. 769, Sec. 1, eff. June 17, 2005.

Sec. 3843.105. ANNEXATION OR EXCLUSION OF TERRITORY. The district may annex or exclude land from the district in the manner provided by Subchapter C, Chapter 375, Local Government Code. Added by Acts 2005, 79th Leg., Ch. 769, Sec. 1, eff. June 17, 2005.

Sec. 3843.106. NO EMINENT DOMAIN POWER. The district may not exercise the power of eminent domain. Added by Acts 2005, 79th Leg., Ch. 769, Sec. 1, eff. June 17, 2005.

#### SUBCHAPTER D. PUBLIC TRANSIT SYSTEM AND PARKING FACILITIES

Sec. 3843.151. PUBLIC TRANSIT SYSTEM; PETITION REQUIRED. (a) The district may acquire, lease as lessor or lessee, construct, develop, own, operate, and maintain a public transit system to serve the area within the boundaries of the district.

(b) Before the district may act under Subsection (a), a petition must be filed with the district requesting the action with regard to a public transit system. The petition must be signed by owners of property representing a majority of either the total assessed value or the area of the real property in the district that abuts the right-of-way in which the public transit system is proposed to be located. The determination of a majority is based on the property owners along the entire right-of-way of the proposed transit project and may not be calculated on a block-by-block basis.

Added by Acts 2005, 79th Leg., Ch. 769, Sec. 1, eff. June 17, 2005.

Sec. 3843.152. PARKING FACILITIES AUTHORIZED; OPERATION BY PRIVATE ENTITY; TAX EXEMPTION. (a) The district may acquire, lease as lessor or lessee, construct, develop, own, operate, and maintain parking facilities, including:

- (1) lots, garages, parking terminals, or other structures or accommodations for the parking of motor vehicles; and
- (2) equipment, entrances, exits, fencing, and other accessories necessary for safety and convenience in the parking of vehicles.



(b) A parking facility of the district must be either leased to or operated on behalf of the district by a private entity or an entity other than the district. The district's parking facilities are a program authorized by the legislature under Section 52-a, Article III, Texas Constitution, and accomplish a public purpose under that section even if leased or operated by a private entity for a term of years.

(c) The district's public parking facilities and any lease to a private entity are exempt from the payment of ad valorem taxes and state and local sales and use taxes.

Added by Acts 2005, 79th Leg., Ch. 769, Sec. 1, eff. June 17, 2005.

Sec. 3843.153. RULES. The district may adopt rules covering its public transit system or its public parking facilities, except that a rule relating to or affecting the use of the public right-of-way or a requirement for off-street parking is subject to all applicable municipal charter, code, or ordinance requirements. Added by Acts 2005, 79th Leg., Ch. 769, Sec. 1, eff. June 17, 2005.

Sec. 3843.154. FINANCING OF PUBLIC TRANSIT SYSTEM OR PARKING FACILITIES. (a) The district may use any of its resources, including revenue, assessments, taxes, and grant or contract proceeds, to pay the cost of acquiring and operating a public transit system or public parking facilities.

(b) The district may set and impose fees, charges, or tolls for the use of the public transit system or the public parking facilities and may issue bonds or notes to finance the cost of these facilities.

(c) Except as provided by Section 3843.151, if the district pays for or finances the cost of acquiring or operating a public transit system or public parking facilities with resources other than assessments, a petition of property owners or a public hearing is not required.

Added by Acts 2005, 79th Leg., Ch. 769, Sec. 1, eff. June 17, 2005.

Sec. 3843.155. PAYMENT IN LIEU OF TAXES TO OTHER TAXING UNIT. If the district's acquisition of property for a parking

facility that is leased to or operated by a private entity results in the removal from a taxing unit's tax rolls of real property otherwise subject to ad valorem taxation, the district shall pay to the taxing unit in which the property is located, on or before January 1 of each year, as a payment in lieu of taxes, an amount equal to the ad valorem taxes that otherwise would have been imposed for the preceding tax year on that real property by the taxing unit, without including the value of any improvements constructed on the property.

Added by Acts 2005, 79th Leg., Ch. 769, Sec. 1, eff. June 17, 2005.

#### SUBCHAPTER E. FINANCIAL PROVISIONS

Sec. 3843.201. AUTHORITY TO IMPOSE ASSESSMENTS, AD VALOREM TAXES, AND IMPACT FEES. The district may impose, assess, charge, or collect an assessment, an ad valorem tax, an impact fee, or another fee in accordance with Chapter 49, Water Code, for a purpose specified by Chapter 375, Local Government Code, or as needed to exercise a power or function or to accomplish a purpose or duty for which the district was created.

Added by Acts 2005, 79th Leg., Ch. 769, Sec. 1, eff. June 17, 2005.

Sec. 3843.202. MAINTENANCE TAX. (a) If authorized at an election held in accordance with Section 3843.103, the district may impose an annual ad valorem tax on taxable property in the district to maintain, restore, replace, or operate the district and improvements that the district constructs or acquires or the district's facilities, works, or services.

(b) The board shall determine the tax rate.

Added by Acts 2005, 79th Leg., Ch. 769, Sec. 1, eff. June 17, 2005.

Sec. 3843.203. ASSESSMENT IN PART OF DISTRICT. An assessment may be imposed on only a part of the district if only that part will benefit from the service or improvement.

Added by Acts 2005, 79th Leg., Ch. 769, Sec. 1, eff. June 17, 2005.

Sec. 3843.204. PETITION REQUIRED FOR ASSESSMENT AND FOR



FINANCING SERVICES AND IMPROVEMENTS. (a) The board may not impose an assessment or finance a service or improvement project under this chapter unless a written petition requesting the improvement or service has been filed with the board.

(b) The petition must be signed by:

(1) the owners of a majority of the assessed value of real property in the district or in the area of the district that will be subject to the assessment as determined by the most recent certified tax appraisal roll for Harris County; or

(2) at least 25 persons who own real property in the district or the area of the district that will be subject to the assessment, if more than 25 persons own real property in the district or area that will be subject to the assessment as determined by the most recent certified tax appraisal roll for Harris County.

Added by Acts 2005, 79th Leg., Ch. 769, Sec. 1, eff. June 17, 2005.

Sec. 3843.205. ASSESSMENTS CONSIDERED TAXES. For purposes of a title insurance policy issued under Chapter 9, Insurance Code, an assessment is a tax.

Added by Acts 2005, 79th Leg., Ch. 769, Sec. 1, eff. June 17, 2005.

Sec. 3843.206. LIENS FOR ASSESSMENTS; SUITS TO RECOVER ASSESSMENTS. (a) An assessment imposed on property under this chapter is a personal obligation of the person who owns the property on January 1 of the year for which the assessment is imposed. If the person transfers title to the property, the person is not relieved of the obligation.

(b) On January 1 of the year for which an assessment is imposed on a property, a lien attaches to the property to secure the payment of the assessment and any interest accrued on the assessment. The lien has the same priority as a lien for district taxes.

(c) Not later than the fourth anniversary of the date on which a delinquent assessment became due, the district may file suit to foreclose the lien or to enforce the obligation for the assessment, or both, and for any interest accrued.

(d) In addition to recovering the amount of the assessment and any accrued interest, the district may recover reasonable costs, including attorney's fees, that the district incurs in foreclosing the lien or enforcing the obligation. The costs may not exceed an amount equal to 20 percent of the assessment and interest.

(e) If the district does not file a suit in connection with a delinquent assessment on or before the last date on which the district may file suit under Subsection (c), the assessment and any interest accrued is considered paid.

Added by Acts 2005, 79th Leg., Ch. 769, Sec. 1, eff. June 17, 2005.

Sec. 3843.207. PROPERTY OF CERTAIN UTILITIES EXEMPT FROM ASSESSMENT AND IMPACT FEES. The district may not impose an impact fee or assessment on the property, including equipment or facilities, of:

(1) an electric utility as defined by Section 31.002, Utilities Code;

(2) a gas utility as defined by Section 101.003 or 121.001, Utilities Code;

(3) a telecommunications provider as defined by Section 51.002, Utilities Code; or

(4) a cable operator as defined by 47 U.S.C. Section 522, as amended.

Added by Acts 2005, 79th Leg., Ch. 769, Sec. 1, eff. June 17, 2005.

Sec. 3843.208. USE OF ELECTRICAL OR OPTICAL LINES. (a) The district may impose an assessment to pay the cost of:

(1) burying or removing electrical power lines, telephone lines, cable or fiber optic lines, or any other type of electrical or optical line;

(2) removing poles and any elevated lines using the poles; and

(3) reconnecting the lines described by Subdivision (2) to the buildings or other improvements to which the lines were connected.

(b) The district may acquire, operate, or charge fees for



the use of the district conduits for:

- (1) another person's:
  - (A) telecommunications network;
  - (B) fiber-optic cable; or
  - (C) electronic transmission line; or
- (2) any other type of transmission line or supporting facility.

(c) The district may not require a person to use a district conduit.

Added by Acts 2005, 79th Leg., Ch. 769, Sec. 1, eff. June 17, 2005.

Sec. 3843.209. DEBT. The district may issue bonds, notes, or other debt obligations in accordance with Subchapters I and J, Chapter 375, Local Government Code, for a purpose specified by that chapter or as required to exercise a power or function or to accomplish a purpose or duty for which the district was created.

Added by Acts 2005, 79th Leg., Ch. 769, Sec. 1, eff. June 17, 2005.

#### SUBCHAPTER F. DISSOLUTION

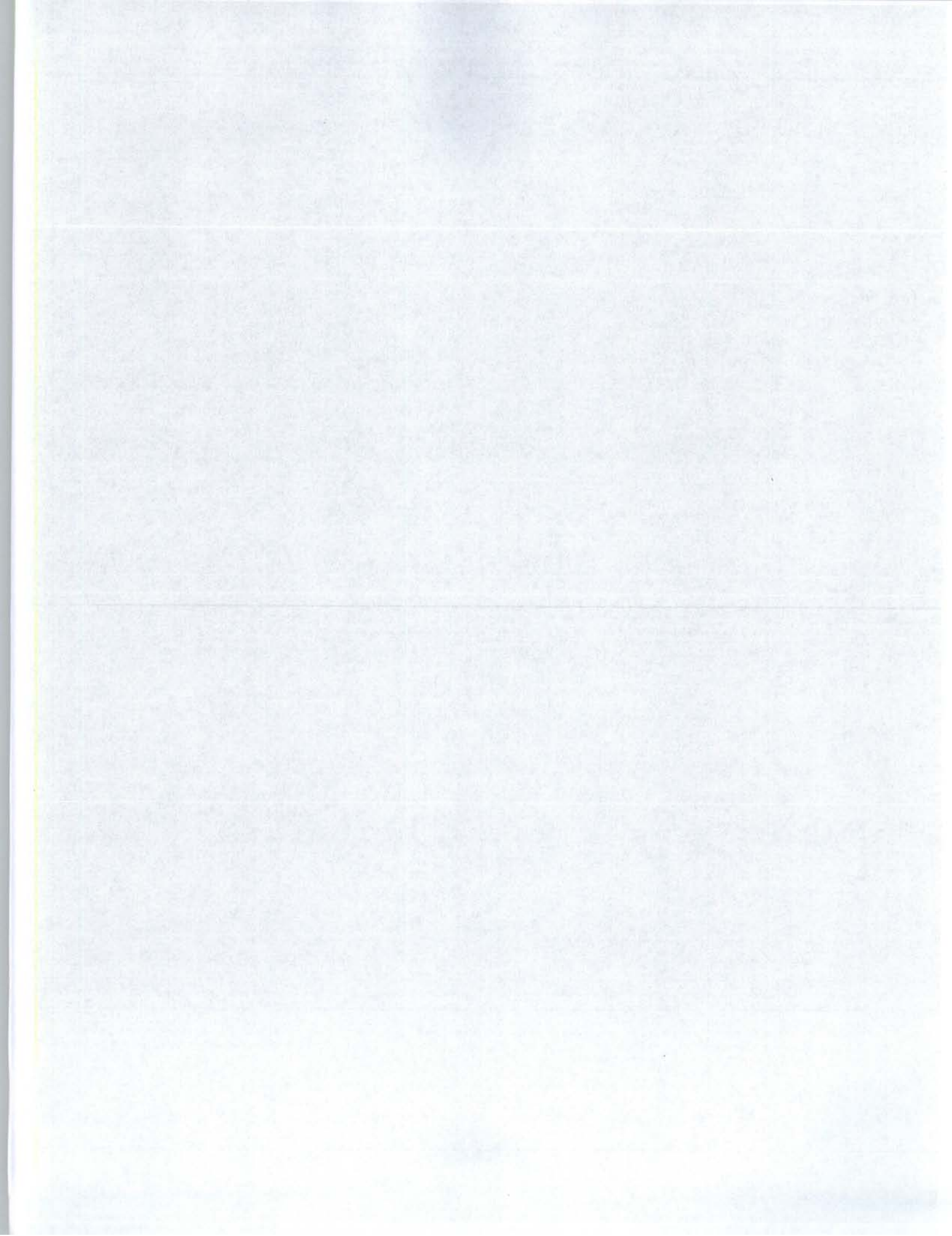
Sec. 3843.251. DISSOLUTION OF DISTRICT WITH OUTSTANDING DEBT. (a) The district may be dissolved as provided by Subchapter M, Chapter 375, Local Government Code, except that Section 375.264, Local Government Code, does not apply to the district.

(b) If the district has debt when it is dissolved, the district shall remain in existence solely for the purpose of discharging its bonds or other obligations according to their terms.

Added by Acts 2005, 79th Leg., Ch. 769, Sec. 1, eff. June 17, 2005.







SPECIAL DISTRICT LOCAL LAWS CODE

TITLE 4. DEVELOPMENT AND IMPROVEMENT

SUBTITLE C. DEVELOPMENT, IMPROVEMENT, AND MANAGEMENT

CHAPTER 3878. HARRIS COUNTY IMPROVEMENT DISTRICT NO. 11

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 3878.001. DEFINITIONS. In this chapter:

(1) "Board" means the board of directors of the district.

(2) "District" means the Harris County Improvement District No. 11.

Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.

Sec. 3878.002. HARRIS COUNTY IMPROVEMENT DISTRICT NO. 11. The Harris County Improvement District No. 11 is a special district created under Section 59, Article XVI, Texas Constitution.

Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.

Sec. 3878.003. PURPOSE; DECLARATION OF INTENT. (a) The creation of the district is essential to accomplish the purposes of Sections 52 and 52-a, Article III, and Section 59, Article XVI, Texas Constitution, and other public purposes stated in this chapter. By creating the district and in authorizing Harris County, the City of Houston, the Metropolitan Transit Authority of Harris County, and other political subdivisions to contract with the district, the legislature has established a program to accomplish the public purposes set out in Section 52-a, Article III, Texas Constitution.

(b) The creation of the district is necessary to promote, develop, encourage, and maintain employment, commerce, transportation, housing, tourism, recreation, the arts, entertainment, economic development, safety, and the public welfare in the area of the district.

(c) This chapter and the creation of the district may not be



interpreted to relieve Harris County or the City of Houston from providing the level of services provided as of the effective date of this Act to the area in the district or to release the county or the city from the obligations of each entity to provide services to that area. The district is created to supplement and not to supplant the county or city services provided in the area in the district. Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.

Sec. 3878.004. FINDINGS OF BENEFIT AND PUBLIC PURPOSE. (a) The district is created to serve a public use and benefit.

(b) All land and other property included in the district will benefit from the improvements and services to be provided by the district under powers conferred by Sections 52 and 52-a, Article III, and Section 59, Article XVI, Texas Constitution, and other powers granted under this chapter.

(c) Each improvement project or service authorized by this chapter is essential to carry out a public purpose.

(d) The creation of the district is in the public interest and is essential to:

(1) further the public purposes of developing and diversifying the economy of the state;

(2) eliminate unemployment and underemployment; and

(3) develop or expand transportation and commerce.

(e) The district will:

(1) promote the health, safety, and general welfare of residents, employers, employees, visitors, and consumers in the district, and of the public;

(2) provide needed funding for the district to preserve, maintain, and enhance the economic health and vitality of the area as a community and business center;

(3) promote the health, safety, welfare, and enjoyment of the public by providing public art and pedestrian ways and by landscaping and developing certain areas in the district, which are necessary for the restoration, preservation, and enhancement of scenic and aesthetic beauty;

(4) promote and benefit commercial development and

commercial areas in the district; and

(5) promote and develop public transportation and pedestrian facilities and systems using new and alternative means that are attractive, safe, and convenient, including securing expanded and improved transportation and pedestrian facilities and systems, to:

(A) address the problem of traffic congestion in the district, the need to control traffic and improve pedestrian safety, and the limited availability of money; and

(B) benefit the land and other property in the district and the residents, employers, employees, visitors, and consumers in the district and the public.

(f) Pedestrian ways along or across a street, whether at grade or above or below the surface, and street lighting, street landscaping, and street art objects are parts of and necessary components of a street and are considered to be a street or road improvement.

(g) The district will not act as the agent or instrumentality of any private interest even though the district will benefit many private interests as well as the public.

Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.

Sec. 3878.005. DISTRICT TERRITORY. (a) The district is composed of the territory described by Section 2 of the Act enacting this chapter, as that territory may have been modified under:

- (1) Section 3878.251;
- (2) Subchapter J, Chapter 49, Water Code; or
- (3) other law.

(b) The boundaries and field notes of the district contained in Section 2 of the Act enacting this chapter form a closure. A mistake in the field notes or in copying the field notes in the legislative process does not in any way affect:

- (1) the district's organization, existence, and validity;
- (2) the district's right to issue any type of bond, including a refunding bond, for a purpose for which the district is



created or to pay the principal of and interest on the bond;

(3) the district's right to impose and collect an assessment or tax; or

(4) the legality or operation of the district or the board.

(c) A description of the district's boundaries shall be filed with the Texas Commission on Environmental Quality. The commission by order may correct a mistake in the description of the district's boundaries.

Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.

Sec. 3878.006. LIBERAL CONSTRUCTION OF CHAPTER. This chapter shall be liberally construed in conformity with the findings and purposes stated in this chapter.

Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.

#### SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 3878.051. BOARD OF DIRECTORS; TERMS. (a) The district is governed by a board of 10 voting directors appointed by a majority of the members of the governing body, including the mayor, of the City of Houston. Voting directors serve staggered terms of four years with five directors' terms expiring June 1 of each odd-numbered year.

(b) The board by order or resolution may increase or decrease the number of voting directors on the board, but only if a majority of the voting directors finds that it is in the best interest of the district to do so. The board may not:

(1) increase the number of voting directors to more than 15; or

(2) decrease the number of voting directors to fewer than five.

(c) Sections 49.053, 49.054, 49.056, 49.057, 49.058, and 49.060, Water Code, apply to the board.

(d) Subchapter D, Chapter 375, Local Government Code,

applies to the board to the extent that subchapter does not conflict with this chapter.

Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.

Sec. 3878.052. APPOINTMENT OF DIRECTORS ON INCREASE IN BOARD SIZE. If the board increases the number of directors under Section 3878.051, the board shall appoint eligible persons to fill the new director positions and shall provide for the staggering of terms of the new directors. On expiration of the term of a director appointed under this section, a succeeding director shall be appointed and qualified as provided by Subchapter D, Chapter 375, Local Government Code. The mayor and members of the governing body of the City of Houston shall appoint voting directors from persons recommended by the board. A person is appointed if a majority of the members of the governing body, including the mayor, vote to appoint that person.

Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.

Sec. 3878.053. NONVOTING DIRECTORS. (a) The following persons shall serve as nonvoting directors:

(1) the directors of the following departments of the City of Houston or a person designated by that director:

- (A) parks and recreation;
- (B) planning and development; and
- (C) public works; and

(2) the City of Houston's chief of police.

(b) If a department described by Subsection (a) is consolidated, renamed, or changed, the board may appoint a director of the consolidated, renamed, or changed department as a nonvoting director. If a department described by Subsection (a) is abolished, the board may appoint a representative of another department that performs duties comparable to the duties performed by the abolished department.

Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.



Sec. 3878.054. QUORUM. (a) Except as provided by Subsection (b), six voting directors constitute a quorum of the board.

(b) If the board is composed of an odd number of voting directors, a majority of the voting directors constitutes a quorum of the board.

(c) Nonvoting directors and vacant director positions are not counted for the purposes of establishing a quorum of the board. Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.

Sec. 3878.055. CONFLICTS OF INTEREST; ONE-TIME AFFIDAVIT.

(a) Except as provided by this section:

(1) a voting director may participate in all board votes and decisions; and

(2) Chapter 171, Local Government Code, governs conflicts of interest for directors.

(b) Section 171.004, Local Government Code, does not apply to the district. A director who has a substantial interest in a business or charitable entity that will receive a pecuniary benefit from a board action shall file a one-time affidavit declaring the interest. An additional affidavit is not required if the director's interest changes. After the affidavit is filed with the board secretary, the director may participate in a discussion or vote on that action if:

(1) a majority of the directors have a similar interest in the same entity; or

(2) all other similar business or charitable entities in the district will receive a similar pecuniary benefit.

(c) A director who is also an officer or employee of a public entity may not participate in the discussion of or vote on a matter regarding a contract with that public entity.

(d) For purposes of this section, a director has a substantial interest in a charitable entity in the same manner that a person would have substantial interest in a business entity under Section 171.002, Local Government Code.

Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.

Sec. 3878.056. COMPENSATION OF VOTING DIRECTORS. Voting directors may receive fees of office and reimbursement of expenses as provided by Section 49.060, Water Code.

Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.

For expiration of this section, see Subsection (d).

Sec. 3878.057. INITIAL VOTING DIRECTORS. (a) The initial board consists of:

Pos. No.	Name of Director
1	Claude Wynne
2	Allen Ueckert
3	Randy Mitchmoore
4	Cassie Stinson
5	Trip "Bradshaw" Carter
6	Brandon Dudley
7	E. Joyce Iyamu
8	Marchris Robinson
9	Dennis Murland
10	Robert Jara

(b) Of the initial directors, the terms of directors serving in positions 1 through 5 expire June 1, 2013, and the terms of directors serving in positions 6 through 10 expire June 1, 2011.

(c) Sections 3878.051(a) and (b) do not apply to the initial directors.

(d) This section expires September 1, 2013.

Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.

#### SUBCHAPTER C. POWERS AND DUTIES

Sec. 3878.101. DISTRICT POWERS. The district may exercise the powers given to:

(1) a district created under Chapter 375, Local



Government Code;

(2) a district by Subchapters H and I, Chapter 49, Water Code;

(3) a corporation under Chapter 505, Local Government Code, including the power to own, operate, acquire, construct, lease, improve, and maintain the projects described by that section; and

(4) a housing finance corporation created under Chapter 394, Local Government Code, to provide housing or residential development projects in the district.

Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.

Sec. 3878.102. NONPROFIT CORPORATION. (a) The board by resolution may authorize the creation of a nonprofit corporation to assist and act for the district in implementing a project or providing a service authorized by this chapter.

(b) The nonprofit corporation:

(1) has each power of and is considered for purposes of this chapter to be a local government corporation created under Chapter 431, Transportation Code; and

(2) may implement any project and provide any service authorized by this chapter.

(c) The board shall appoint the board of directors of the nonprofit corporation. The board of directors of the nonprofit corporation shall serve in the same manner as, for the same term as, and on the same conditions as the board of directors of a local government corporation created under Chapter 431, Transportation Code.

Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.

Sec. 3878.103. AGREEMENTS; GRANTS. (a) The district may make an agreement with or accept a gift, grant, or loan from any person.

(b) The implementation of a project is a governmental function or service for the purposes of Chapter 791, Government

Code.

Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.

Sec. 3878.104. ELECTIONS. (a) District elections must be held in the manner provided by Subchapter L, Chapter 375, Local Government Code.

(b) The board may submit multiple purposes in a single proposition at an election.

Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.

Sec. 3878.105. CONTRACT FOR LAW ENFORCEMENT AND SECURITY SERVICES. The district may contract with:

(1) Harris County or the City of Houston for the county or city to provide law enforcement and security services in the district for a fee; or

(2) a private entity for the private entity to provide supplemental security services.

Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.

Sec. 3878.106. ANNEXATION OR EXCLUSION OF TERRITORY. The district may annex or exclude land from the district in the manner provided by Subchapter C, Chapter 375, Local Government Code.

Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.

Sec. 3878.107. APPROVAL BY CITY OF HOUSTON. (a) Except as provided by Subsection (b), the district must obtain the approval of the City of Houston's governing body for:

(1) the issuance of a bond for each improvement project;

(2) the plans and specifications of the improvement project financed by the bond; and

(3) the plans and specifications of any district improvement project related to the use of land owned by the City of

Houston, an easement granted by the City of Houston, or a right-of-way of a street, road, or highway.

(b) If the district obtains the approval of the City of Houston's governing body of a capital improvements budget for a period not to exceed five years, the district may finance the capital improvements and issue bonds specified in the budget without further approval from the City of Houston.

Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.

Sec. 3878.108. MEMBERSHIP IN CHARITABLE ORGANIZATIONS. The district may join and pay dues to an organization that:

(1) enjoys tax-exempt status under Section 501(c)(3), (4), or (6), Internal Revenue Code of 1986; and

(2) performs a service or provides an activity consistent with promoting a district purpose.

Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.

Sec. 3878.109. ROAD POWERS. The district may exercise powers given to:

(1) a road district created under Chapter 257, Transportation Code; and

(2) a road utility district created under Chapter 441, Transportation Code.

Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.

Sec. 3878.110. AIR RIGHTS; CONSTRUCTION. The district may acquire air rights and related easements and may construct improvements on property on which it owns only air rights and related easements.

Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.

Sec. 3878.111. ADDITIONAL PROPERTY RIGHTS; LEASEHOLDS. The district may construct improvements on property on which it only



has a leasehold interest and may own undivided interests in buildings and other improvements.

Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.

Sec. 3878.112. NO EMINENT DOMAIN POWER. The district may not exercise the power of eminent domain.

Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.

#### SUBCHAPTER D. PUBLIC TRANSIT SYSTEM AND PARKING FACILITIES

Sec. 3878.151. PUBLIC TRANSIT SYSTEM; PETITION REQUIRED.

(a) The district may acquire, lease as lessor or lessee, construct, develop, own, operate, and maintain a public transit system to serve the area within the boundaries of the district.

(b) The board may not act under Subsection (a) unless a written petition requesting the action has been filed with the board.

(c) The petition must be signed by:

(1) the owners of property representing a majority of the total assessed value of the real property in the district that abuts the right-of-way in which the public transit system is proposed to be located; or

(2) the owners of a majority of the area of the real property in the district that abuts the right-of-way in which the public transit system is proposed to be located.

(d) For purposes of Subsection (c), the determination of a majority is based on the property owners along the entire right-of-way of the proposed transit project and may not be calculated on a block-by-block basis.

Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.

Sec. 3878.152. PARKING FACILITIES AUTHORIZED; OPERATION BY PRIVATE ENTITY; TAX EXEMPTION. (a) The district may acquire, lease as lessor or lessee, construct, develop, own, operate, and maintain

parking facilities, including:

- (1) lots, garages, parking terminals, or other structures or accommodations for the parking of motor vehicles; and
- (2) equipment, entrances, exits, fencing, and other accessories necessary for safety and convenience in the parking of vehicles.

(b) A parking facility of the district must be either leased to or operated on behalf of the district by a private entity or an entity other than the district. The district's parking facilities are a program authorized by the legislature under Section 52-a, Article III, Texas Constitution, and accomplish a public purpose under that section even if leased or operated by a private entity for a term of years.

(c) The district's public parking facilities and any lease to a private entity are exempt from the payment of ad valorem taxes and state and local sales and use taxes.

Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.

Sec. 3878.153. RULES. The district may adopt rules covering its public transit system or its public parking facilities, except that a rule relating to or affecting the use of the public right-of-way or a requirement for off-street parking is subject to all applicable municipal charter, code, or ordinance requirements. Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.

Sec. 3878.154. FINANCING OF PUBLIC TRANSIT SYSTEM OR PARKING FACILITIES. (a) The district may use any of its resources, including revenue, assessments, taxes, and grant or contract proceeds, to pay the cost of acquiring and operating a public transit system or public parking facilities.

(b) The district may set and impose fees, charges, or tolls for the use of the public transit system or the public parking facilities and may issue bonds or notes to finance the cost of these facilities.

(c) Except as provided by Section 3878.151, if the district

pays for or finances the cost of acquiring or operating a public transit system or public parking facilities with resources other than assessments, a petition of property owners or a public hearing is not required.

Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.

Sec. 3878.155. PAYMENT IN LIEU OF TAXES TO OTHER TAXING UNIT. If the district's acquisition of property for a parking facility that is leased to or operated by a private entity results in the removal from a taxing unit's tax rolls of real property otherwise subject to ad valorem taxation, the district shall pay to the taxing unit in which the property is located, on or before January 1 of each year, as a payment in lieu of taxes, an amount equal to the ad valorem taxes that otherwise would have been imposed for the preceding tax year on that real property by the taxing unit, without including the value of any improvements constructed on the property.

Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.

Sec. 3878.156. AGREEMENT WITH RAPID TRANSIT AUTHORITY. (a) In this section, "authority" means a rapid transit authority created under Chapter 451, Transportation Code.

(b) The district and an authority may agree to jointly construct, own, operate, and maintain a transit facility or a parking facility under the terms the authority and district desire.

(c) The agreement may provide that the district and the authority exchange or trade land provided that each party to the agreement receives fair market value. The authority is not required to offer any property that it proposes to trade to the district for sale to the public or for sale to any abutting property owner.

Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.



## SUBCHAPTER E. FINANCIAL PROVISIONS

Sec. 3878.201. AUTHORITY TO IMPOSE ASSESSMENTS, AD VALOREM TAXES, AND IMPACT FEES. The district may impose, assess, charge, or collect an assessment, an ad valorem tax, an impact fee, or another fee in accordance with Chapter 49, Water Code, for a purpose specified by Chapter 375, Local Government Code, or as needed to exercise a power or function of the district or to accomplish a purpose or duty for which the district was created.

Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.

Sec. 3878.202. DISBURSEMENTS AND TRANSFERS OF MONEY. The board by resolution shall establish the number of directors' signatures and the procedure required for a disbursement or transfer of the district's money.

Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.

Sec. 3878.203. ASSESSMENT IN PART OF DISTRICT. An assessment may be imposed on only a part of the district if only that part will benefit from the service or improvement.

Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.

Sec. 3878.204. PETITION REQUIRED FOR ASSESSMENT AND FOR FINANCING SERVICES AND IMPROVEMENTS. (a) The board may not impose an assessment or finance a service or improvement project under this chapter unless a written petition requesting the improvement or service has been filed with the board.

(b) The petition must be signed by:

(1) the owners of a majority of the assessed value of real property in the district subject to assessment according to the most recent certified tax appraisal roll for Harris County; or

(2) at least 25 owners of real property in the district that will be subject to the assessment, if more than 25 persons own real property subject to the assessment in the district according

to the most recent certified tax appraisal roll for Harris County.

(c) The board may act upon a petition, required under this section, signed by qualified petitioners prior to or subsequent to the enactment of this chapter.

Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.

Sec. 3878.205. MAINTENANCE TAX. (a) If authorized at an election held in accordance with Section 3878.104, the district may impose an annual ad valorem tax on taxable property in the district to:

- (1) administer the district;
- (2) maintain and operate the district;
- (3) construct or acquire improvements; or
- (4) provide a service.

(b) The board shall determine the tax rate.

(c) An owner of real property in the district, except property exempt under the Texas or United States Constitution or under the Tax Code, is liable for the payment of ad valorem taxes imposed by the district on the property.

Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.

Sec. 3878.206. ASSESSMENTS; LIENS FOR ASSESSMENTS. (a) The board by resolution may impose and collect an assessment for any purpose authorized by this chapter.

(b) An assessment, a reassessment, or an assessment resulting from an addition to or correction of the assessment roll by the district, penalties and interest on an assessment or reassessment, an expense of collection, and reasonable attorney's fees incurred by the district:

- (1) are a first and prior lien against the property assessed;
- (2) are superior to any other lien or claim other than a lien or claim for county, school district, or municipal ad valorem taxes; and
- (3) are the personal liability of and a charge against

the owners of the property even if the owners are not named in the assessment proceedings.

(c) The lien is effective from the date of the board's resolution imposing the assessment until the date the assessment is paid. The board may enforce the lien in the same manner that the board may enforce an ad valorem tax lien against real property.

(d) The board may make a correction to or deletion from the assessment roll that does not increase the amount of assessment of any parcel of land without providing notice and holding a hearing in the manner required for additional assessments.

Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.

Sec. 3878.207. PROPERTY OF CERTAIN UTILITIES EXEMPT FROM ASSESSMENT AND IMPACT FEES. The district may not impose an impact fee or assessment on the property, including the equipment, rights-of-way, facilities, or improvements, of:

(1) an electric utility or a power generation company as defined by Section 31.002, Utilities Code;

(2) a gas utility as defined by Section 101.003 or 121.001, Utilities Code;

(3) a telecommunications provider as defined by Section 51.002, Utilities Code; or

(4) a person who provides the public cable television or advanced telecommunications services.

Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.

Sec. 3878.208. USE OF ELECTRICAL OR OPTICAL LINES. (a) The district may impose an assessment to pay the cost of:

(1) burying or removing electrical power lines, telephone lines, cable or fiber-optic lines, or any other type of electrical or optical line;

(2) removing poles and any elevated lines using the poles; and

(3) reconnecting the lines described by Subdivision (2) to the buildings or other improvements to which the lines were



connected.

(b) The district may acquire, operate, or charge fees for the use of the district conduits for:

(1) another person's:

(A) telecommunications network;

(B) fiber-optic cable; or

(C) electronic transmission line; or

(2) any other type of transmission line or supporting facility.

(c) The district may not require a person to use a district conduit.

Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.

Sec. 3878.209. BONDS AND OTHER OBLIGATIONS. (a) The district may issue bonds, notes, or other obligations in accordance with Subchapter J, Chapter 375, Local Government Code, payable wholly or partly from assessments, impact fees, revenue, grants, or other money of the district, or any combination of these sources of money, to pay for any authorized district purpose.

(b) In exercising the district's power to borrow, the district may issue a bond or other obligation in the form of a bond, note, certificate of participation or other instrument evidencing a proportionate interest in payments to be made by the district, or other type of obligation.

Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.

Sec. 3878.210. LIMITS ON PARKS AND RECREATION BONDS. Bonds issued to finance parks and recreational facilities may not exceed one percent of the assessed value of the real property in the district according to the most recent certified tax appraisal roll for Harris County.

Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.

Sec. 3878.211. TAX AND BOND ELECTIONS. (a) The district

shall hold an election in the manner provided by Subchapter L, Chapter 375, Local Government Code, to obtain voter approval before the district imposes a maintenance tax or issues bonds payable from ad valorem taxes.

(b) The board may not include more than one purpose in a single proposition at an election.

(c) Section 375.243, Local Government Code, does not apply to the district.

Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.

Sec. 3878.212. POWERS OF MUNICIPAL UTILITY DISTRICT TO ESTABLISH DEFINED AREAS AND DESIGNATED PROPERTY; TAXES; BONDS. (a) The district has the powers of a municipal utility district under Subchapter J, Chapter 54, Water Code, including the power to:

- (1) implement a plan;
- (2) issue bonds; and
- (3) impose a tax in a defined area established under that subchapter.

(b) The district may exercise the powers described by Subsection (a) regardless of whether the district is composed of the minimum number of acres provided by Section 54.801, Water Code. Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.

Sec. 3878.213. MUNICIPALITY NOT REQUIRED TO PAY DISTRICT OBLIGATIONS. Except as provided by Section 375.263, Local Government Code, a municipality is not required to pay a bond, note, or other obligation of the district.

Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.

Sec. 3878.214. COMPETITIVE BIDDING. Section 375.221, Local Government Code, applies to the district only for a contract that has a value greater than \$50,000.

Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.

## SUBCHAPTER F. CONSOLIDATION

Sec. 3878.251. CONSOLIDATION WITH MUNICIPAL MANAGEMENT DISTRICT. (a) The district may consolidate with one other municipal management district that adjoins or has a boundary that is within a two-mile radius of any boundary of the district. The board may consolidate with one other district only if the district to be consolidated has not issued bonds or notes secured by assessments or ad valorem taxes or imposed taxes.

(b) To initiate consolidation, the board of a district shall adopt a resolution proposing a consolidation and deliver a copy of the resolution to the board of each district with which consolidation is proposed.

Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.

Sec. 3878.252. TERMS AND CONDITIONS FOR CONSOLIDATION. Not later than the 30th day after districts are consolidated under Section 3878.251, the districts shall enter into an agreement specifying the terms and conditions for consolidation. The terms and conditions for consolidation must include:

- (1) adoption of a name for the consolidated district;
- (2) the number and apportionment of directors to serve on the board of the consolidated district;
- (3) the effective date of the consolidation;
- (4) an agreement on finances for the consolidated district, including disposition of funds, property, and other assets of each district; and
- (5) an agreement on governing the districts during the transition period, including selection of officers.

Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.

Sec. 3878.253. NOTICE AND HEARING ON CONSOLIDATION. (a) Each district's board shall publish notice and hold a public hearing in its district regarding the terms and conditions for



consolidation of the districts. The board shall publish notice at least once in a newspaper with general circulation in the affected districts at least seven days before the hearing.

(b) After the hearing, each board by resolution must approve the terms and conditions for consolidation by majority vote and enter an order consolidating the districts.

(c) If the board of each involved district adopts a resolution containing the terms and conditions for the consolidation, the involved districts become consolidated.

Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.

Sec. 3878.254. GOVERNING CONSOLIDATED DISTRICTS. (a) After two districts are consolidated, they become one district and are governed as one district.

(b) During the period before the terms and conditions of the agreement under Section 3878.252 take effect, the officers of each district shall continue to act jointly as officers of the original districts to settle the affairs of their respective districts.

(c) If one of the districts consolidated into one district under this subchapter had powers at the time the districts were consolidated that the other district being consolidated did not have, the consolidated district may exercise within the original boundaries of each district only the powers that belonged to that original district. In territory annexed into a consolidated district, the district may exercise any of the powers of the original districts.

Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.

Sec. 3878.255. DEBTS OF ORIGINAL DISTRICTS. After two districts are consolidated, the consolidated district shall protect the debts and obligations of the original districts and shall ensure that the debts and obligations are not impaired. If the consolidated district has taxing authority, the debts may be paid by taxes imposed on the land in the original districts as if they had not consolidated or from contributions from the

consolidated district on terms stated in the consolidation agreement.

Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.

Sec. 3878.256. ASSESSMENT AND COLLECTION OF TAXES. If the consolidated district has taxing authority, the district shall impose and collect taxes on all property in the district uniformly, for maintenance and operation of the district.

Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.

Sec. 3878.257. FILING OF ORDER WITH COUNTY CLERK AND EXECUTIVE DIRECTOR. The board shall keep in the records of the consolidated district, recorded in the office of the county clerk in each of the counties in the consolidated district, a consolidation order issued by the board. The board shall file the consolidation order with the executive director of the Texas Commission on Environmental Quality.

Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.

#### SUBCHAPTER G. DISSOLUTION

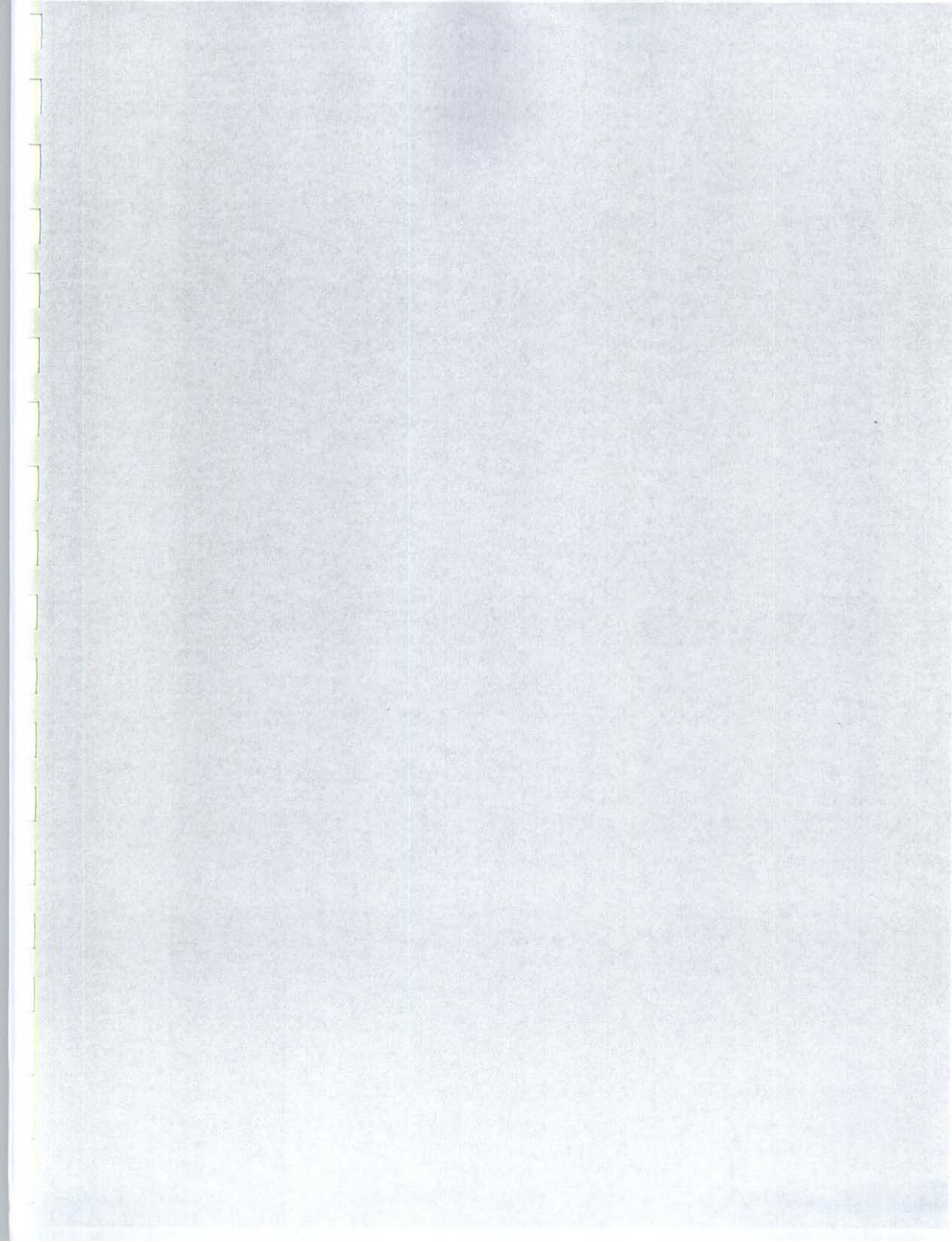
Sec. 3878.301. DISSOLUTION OF DISTRICT WITH OUTSTANDING DEBT. (a) The district may be dissolved as provided by Subchapter M, Chapter 375, Local Government Code, except that Section 375.264, Local Government Code, does not apply to the district. The board may dissolve the district regardless of whether the district has debt.

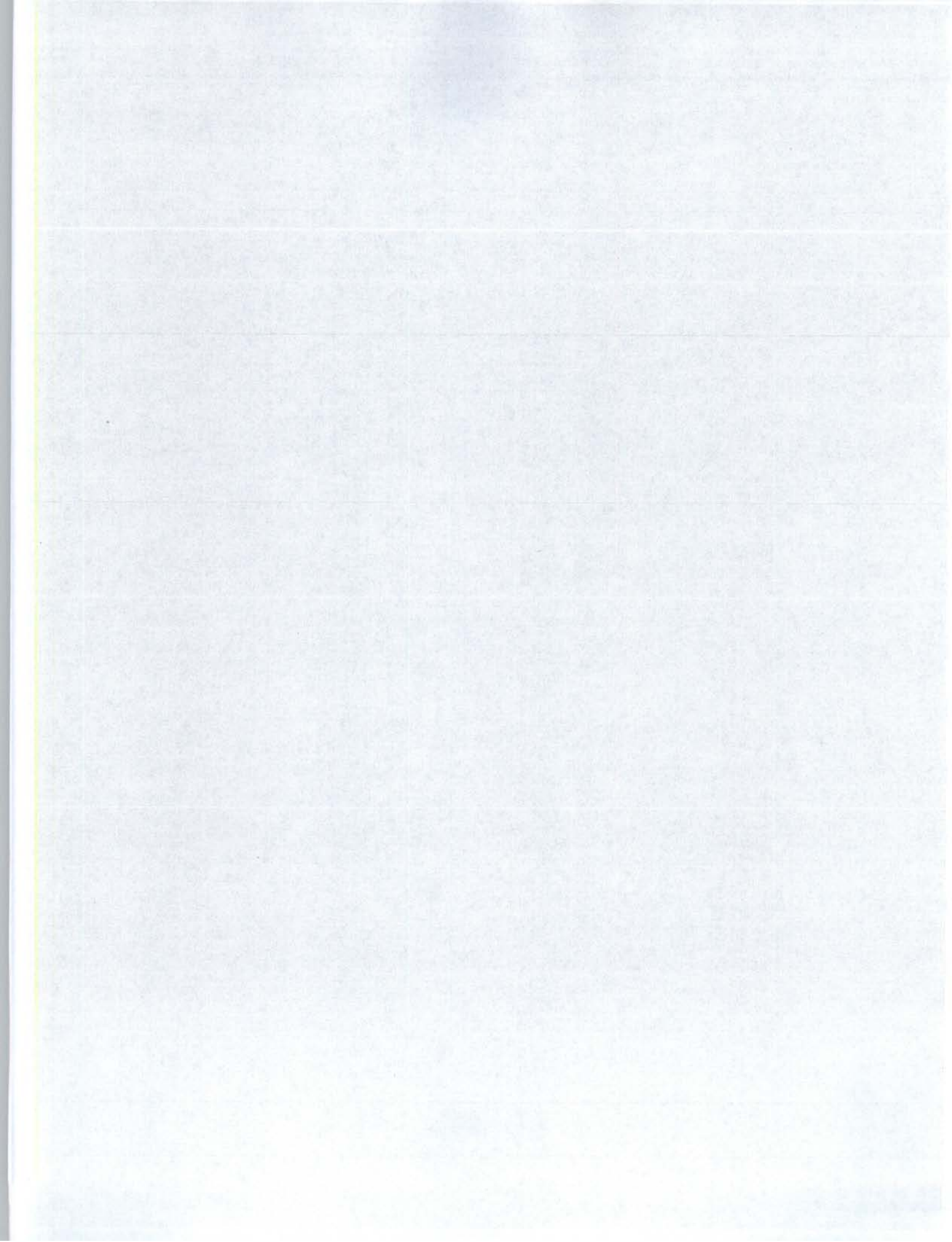
(b) If the district has debt when it is dissolved, the district shall remain in existence solely for the purpose of discharging its bonds or other obligations according to their terms. The dissolution is effective when all debts have been discharged.

Added by Acts 2009, 81st Leg., R.S., Ch. 1068, Sec. 1, eff. June 19, 2009.











CERTIFICATE FOR ORDER

THE STATE OF TEXAS     §  
                                     §  
COUNTY OF HARRIS     §

I, the undersigned officer of the Board of Directors of Harris County Improvement District No. 11 (the "District") do hereby certify as follows:

1. The Board of Directors of the District convened in regular session on the 15th day of February, 2011, outside the boundaries of the District, and the roll was called of the duly constituted officers and members of the Board, to-wit:

Claude Wynn	Chairman
Randy Mitchmore	Vice Chairman
Marchris Robinson	Secretary
Dennis Murland	Assistant Secretary
Allen Ueckert	Director
Cassie Stinson	Director
Michael Carter	Director
Robert Jara	Director
Vacant	Director
Vacant	Director

and all of said persons were present except Director(s) Ueckert, thus constituting a quorum. Whereupon, among other business, the following was transacted at the meeting: a written

**ORDER CONSOLIDATING HARRIS COUNTY IMPROVEMENT DISTRICT NO. 11  
AND HARRIS COUNTY IMPROVEMENT DISTRICT NO. 6**

was introduced for the consideration of the Board. It was then duly moved and seconded that the Order be adopted; and, after due discussion, the motion, carrying with it the adoption of the Order, prevailed and carried unanimously.

2. That a true, full and correct copy of the aforesaid Order adopted at the meeting described in the above and foregoing paragraph is attached to and follows this certificate; that the Order has been duly recorded in the Board's minutes of the meeting; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of the Board as indicated therein; that each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid meeting, and that the Order would be introduced and considered for adoption at the meeting, and each of the officers and members consented, in advance, to the holding of the meeting for such purpose; that the meeting was open to the public as required by



law; and that public notice of the time, place and subject of the meeting was given as required by Chapter 551, Texas Government Code, and Section 49.063, Texas Water Code.

SIGNED AND SEALED the 15<sup>th</sup> day of February, 2011.



---

Secretary, Board of Directors  
Harris County Improvement District No. 11

(SEAL)



**ORDER CONSOLIDATING HARRIS COUNTY IMPROVEMENT DISTRICT NO. 11  
AND HARRIS COUNTY IMPROVEMENT DISTRICT NO. 6**

WHEREAS, Harris County Improvement District No. 11 (the "District") has been legally created by House Bill 4722, Acts of the 81st Legislature, Regular Session, 2009, and approved by the Governor on June 19, 2009, and the City Council of the City of Houston, Texas on January 5, 2011, and is governed by Chapter 375, Texas Local Government Code and Chapter 3878, Texas Special Districts Local Laws Code (together, as amended (the "Act")); and

WHEREAS, in accordance with the Act, the District may consolidate with Harris County Improvement District No. 6 provided that they each adopt a resolution proposing consolidation, deliver a copy of the resolution to the board of directors of each district with which the consolidation is proposed, hold a public hearing in each district regarding the consolidation and the terms and conditions of such consolidation of the districts to be consolidated (the "Terms and Conditions"), publish notice of the hearing in a newspaper of general circulation in districts at least seven (7) days before the hearing, enter into a consolidation agreement containing such Terms and Conditions for consolidation and approve such Terms and Conditions for consolidation;

WHEREAS, the District and its officers and attorney is authorized to and has complied with all requirements to call and publish notice of the hearing on the proposed consolidation and the proposed Terms and Conditions therefore; Now, Therefore,

**BE IT ORDERED BY THE BOARD OF DIRECTORS OF HARRIS COUNTY  
IMPROVEMENT DISTRICT NO. 11 THAT:**

Section 1: Harris County Improvement District No. 11 hereby officially finds and determines that the facts and recitations contained in the recitals to this Order are true and correct and such recitals are hereby approved as a part of this Order, including the terms defined therein.

Section 2: Harris County Improvement District No. 11 has approved a Resolution Proposing Consolidation of the District with Harris County Improvement District No. 6, Authorizing Delivery of Resolution to the Harris County Improvement District No. 6 Board of Directors, and Proposing Terms and Conditions for Consolidation, attached hereto as Exhibit A, and has delivered the Resolution to the Harris County Improvement District No. 6 Board of Directors on this date.

Section 3: Harris County Improvement District No. 11 has held a public hearing on this date in the District regarding the Terms and Conditions, attached hereto as Exhibit B, for consolidation of said districts and published notice of the hearing in a newspaper of general circulation within the District at least seven (7) days before the hearing.

Section 4: Harris County Improvement District No. 11 has approved a Resolution Approving the Consolidation Agreement between the District and Harris County

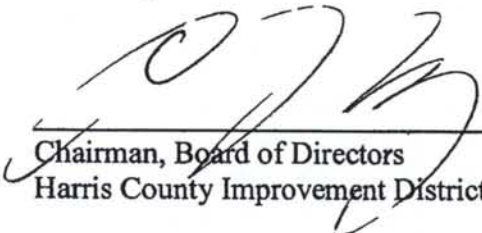
Improvement District No. 6 Containing the Terms and Conditions and Approving Consolidation, attached hereto as Exhibit C.

Section 5: Harris County Improvement District No. 11 is hereby consolidated with Harris County Improvement District No. 6. The consolidated district shall be the Montrose Management District.


[Execution Page Follows]



PASSED AND APPROVED this 15th day of February, 2011.

  
Chairman, Board of Directors  
Harris County Improvement District No. 11

ATTEST:

  
Secretary, Board of Directors  
Harris County Improvement District No. 11

(SEAL)



**EXHIBIT A**

RESOLUTION PROPOSING CONSOLIDATION OF HARRIS COUNTY IMPROVEMENT DISTRICT NO. 11 WITH HARRIS COUNTY IMPROVEMENT DISTRICT NO. 6; AUTHORIZING DELIVERY OF RESOLUTION TO EAST MONTROSE MANAGEMENT DISTRICT BOARD OF DIRECTORS; AND PROPOSING TERMS AND CONDITIONS FOR CONSOLIDATION

## CERTIFICATE FOR RESOLUTION

THE STATE OF TEXAS     §  
                                     §  
COUNTY OF HARRIS     §

I, the undersigned officer of the Board of Directors of Harris County Improvement District No. 11 (the "District") do hereby certify as follows:

1. The Board of Directors of the District convened in regular session on the 15<sup>th</sup> day of February, 2011, outside the boundaries of the District, and the roll was called of the duly constituted officers and members of the Board, to-wit:

Claude Wynn	Chairman
Randy Mitchmore	Vice Chairman
Marchris Robinson	Secretary
Dennis Murland	Assistant Secretary
Allen Ueckert	Director
Cassie Stinson	Director
Michael Carter	Director
Robert Jara	Director
Vacant	Director
Vacant	Director

and all of said persons were present except Director(s) Ueckert, thus constituting a quorum. Whereupon, among other business, the following was transacted at the meeting: a written

**RESOLUTION PROPOSING CONSOLIDATION OF HARRIS COUNTY IMPROVEMENT DISTRICT NO. 11 WITH HARRIS COUNTY IMPROVEMENT DISTRICT NO. 6; AUTHORIZING THE DELIVERY OF THE RESOLUTION TO THE HARRIS COUNTY IMPROVEMENT DISTRICT NO. 6 BOARD OF DIRECTORS, AND PROPOSING THE TERMS AND CONDITIONS FOR CONSOLIDATION**

was introduced for the consideration of the Board. It was then duly moved and seconded that the Resolution be adopted; and, after due discussion, the motion, carrying with it the adoption of the Resolution, prevailed and carried unanimously.

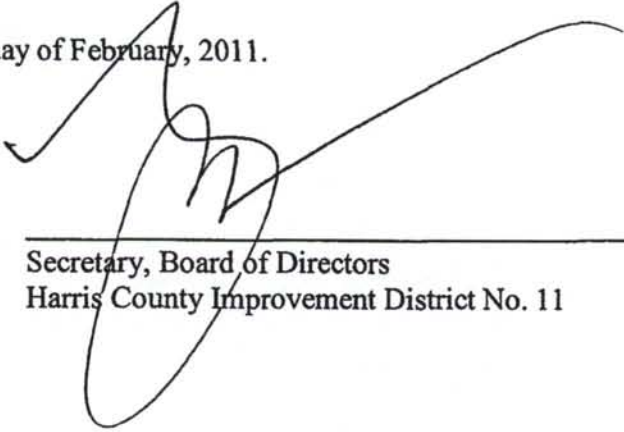
2. That a true, full and correct copy of the aforesaid Resolution adopted at the meeting described in the above and foregoing paragraph is attached to and follows this certificate; that the Resolution has been duly recorded in the Board's minutes of the meeting; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of the Board as indicated therein; that each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid meeting, and that the Resolution would be introduced and considered for adoption at the meeting, and each of the officers and members



consented, in advance, to the holding of the meeting for such purpose; that the meeting was open to the public as required by law; and that public notice of the time, place and subject of the meeting was given as required by Chapter 551, Texas Government Code, and Section 49.063, Texas Water Code.

SIGNED AND SEALED the 15<sup>th</sup> day of February, 2011.



  
\_\_\_\_\_  
Secretary, Board of Directors  
Harris County Improvement District No. 11

**RESOLUTION PROPOSING CONSOLIDATION OF HARRIS COUNTY IMPROVEMENT DISTRICT NO. 11 WITH HARRIS COUNTY IMPROVEMENT DISTRICT NO. 6; AUTHORIZING THE DELIVERY OF THE RESOLUTION TO THE HARRIS COUNTY IMPROVEMENT DISTRICT NO. 6 BOARD OF DIRECTORS, AND PROPOSING THE TERMS AND CONDITIONS FOR CONSOLIDATION**

WHEREAS, Harris County Improvement District No. 11 (the "District") has been legally created by House Bill 4722, Acts of the 81st Legislature, Regular Session, 2009, and approved by the Governor on June 19, 2009, and the City Council of the City of Houston, Texas on January 5, 2011, and is governed by Chapter 375, Texas Local Government Code and Chapter 3878, Texas Special Districts Local Laws Code (together, as amended (the "Act")); and

WHEREAS, in accordance with the Act, the District may consolidate with one other municipal management district that adjoins or has a boundary that is within a two-mile radius of any boundary of the District that has not issued bonds or notes secured by assessments, ad valorem taxes or imposed taxes; and

WHEREAS, the District has a boundary that adjoins and is within a two-mile radius of Harris County Improvement District No. 6, and neither the District nor Harris County Improvement District No. 6 have issued bonds or notes secured by assessments, or ad valorem taxes or imposed taxes; and

WHEREAS, in accordance with the Act, the District and Harris County Improvement District No. 6 may consolidate provided that they each adopt a resolution proposing consolidation and deliver a copy of the resolution to the board of directors of each district with which the consolidation is proposed; and

WHEREAS, the Act requires that a public hearing be held in each district regarding the consolidation and the terms and conditions of such consolidation of the districts to be consolidated (the "Terms and Conditions") and to publish notice of the hearing in a newspaper of general circulation in districts at least seven (7) days before the hearing; and

WHEREAS, the District and its officers and attorney is authorized to and has complied with all requirements to call and publish notice of the hearing on the proposed consolidation and the proposed Terms and Conditions therefore; and

WHEREAS, the Act requires that such Terms and Conditions include: (1) adoption of a name for the consolidated district; (2) the number and apportionment of directors to serve on the board of the consolidated district; (3) the effective date of the consolidation; (4) an agreement on finances for the consolidated district, including disposition of funds, property, and other assets of each district; and (5) an agreement on governing the districts during the transition period including selection of officers; and

WHEREAS, the Act requires that no later than the 30th day after the consolidating districts have approved of such consolidation that the districts enter an agreement specifying the Terms and Conditions for consolidation (the "Consolidation Agreement") and enter an order by



majority vote approving such Consolidation Agreement with its Terms and Conditions to consolidate the districts accordingly; and

WHEREAS, the Act establishes the governance of the districts after consolidation as one district prior to the Terms and Conditions taking effect, authorizing the officers of each district to continue to act jointly as officers of the original districts to settle the affairs of their respective districts during the period before the Terms and Conditions of the agreement take effect, and further declaring that if one of the districts consolidated into one district had powers at the time the districts were consolidated that the other did not have, the consolidated district may exercise within the original boundaries of each district only the powers that belonged to that original district; and

WHEREAS, the Act authorizes the consolidated district, after two districts are consolidated, to protect the debts and obligations of the original districts and ensure that the debts and obligations are not impaired, and if the consolidated district has taxing authority, the debts may be paid by taxes imposed on land in the original districts as if they had not consolidated or from contributions from the consolidated district on terms stated in the consolidation agreement; and

WHEREAS, the Act authorizes the consolidated district, if it has taxing authority, to impose and collect taxes on all property in the district uniformly, for maintenance and operation of the district; and

WHEREAS, the Act authorizes the consolidated district to keep in the records of the consolidated district, recorded in the office of the county clerk in the districts, and filed with the Executive Director of the Texas Commission on Environmental Quality, a Consolidation Order issued by the Board; and

WHEREAS, the District proposes to consolidate with Harris County Improvement District No. 6 as they are adjoining districts with boundaries within a two-mile radius, with neither district having issued bonds or notes secured by assessments or ad valorem taxes or imposed taxes; Now, Therefore,

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF HARRIS COUNTY IMPROVEMENT DISTRICT NO. 11 THAT:

Section 1: Harris County Improvement District No. 11 hereby officially finds and determines that the facts and recitations contained in the recitals to this Resolution are true and correct and such recitals are hereby approved as a part of this Resolution, including the terms defined therein.

Section 2: Harris County Improvement District No. 11 proposes to consolidate with Harris County Improvement District No. 6.

Section 3: Harris County Improvement District No. 11 will hold a public hearing within its boundaries regarding the Terms and Conditions for consolidation with Harris County Improvement District No. 6.



Section 4: Harris County Improvement District No. 11 hereby authorizes the delivery of this Resolution to the Harris County Improvement District No. 6 Board of Directors on this date.

Section 5: The proposed Terms and Conditions of the consolidation shall be as follows:

- a. The consolidated district shall be named "Montrose Management District"
- b. The Montrose Management District board of directors ("Montrose Management District Board") shall consist of the following 15 voting directors:

<u>Pos. No.</u>	<u>Name of Director</u>
1	Claude Wynn
2	Allen Ueckert
3	Randy Mitchmore
4	Cassie Stinson
5	Trip "Bradshaw" Carter
6	Marchris Robinson
7	Dennis Murland
8	Robert Jara
9	Michael Grover
10	Randall Ellis
11	Brad Nagar
12	Kathy Hubbard
13	Tom Fricke
14	Tammy Manning
15	David Robinson

- i. The following persons shall serve as nonvoting directors:  
(1) the directors of the following departments of the City of Houston or a person designated by that director: parks and recreation; planning and development; and public works;  
(2) and the City of Houston's chief of police. If a department described in this paragraph is consolidated, renamed or changed, the Montrose Management District may appoint a director of the consolidated, renamed or changed department as a nonvoting director. If a department described by this paragraph is abolished, the board may appoint a representative of another department that performs duties comparable to the duties performed by the abolished department.

- ii. The voting directors shall serve four-year staggered terms expiring June 1 of each odd-numbered years in accordance with the terms they previously held in their respective districts. The Montrose Management District shall fill Montrose Management District Board vacancies by appointment by the Montrose Management District Board.
- iii. A majority of the voting directors in non-vacant director positions constitute a quorum of the Montrose Management District.
- c. The effective date of the Consolidation shall be February 15, 2011 (the "Consolidation Effective Date"). As of the Consolidation Effective Date, Harris County Improvement District No. 11 and Harris County Improvement District No. 6 shall become Montrose Management District.
- d. During the period after both districts approve the resolution proposing consolidation and prior to the Consolidation Effective Date (the "Transition Period"), the officers of each district shall act jointly to settle the affairs of their respective districts during the Transition Period.
- e. As of the Consolidation Effective Date, Montrose Management District shall protect the debts and obligations of the original districts and ensure that the debts and obligations are not impaired. All assessments will continue to be collected as they were prior to consolidation. The Montrose Management District shall uphold and pay all outstanding debts and obligations of the original districts from the assessments levied and collected pursuant to the Service and Improvement Plan and Assessment Plan of each of the original districts, and the assessments arising from each respective plan shall be spent only on the costs incurred pursuant to each respective plan. All orders and resolutions and other action taken by each respective district and each contract or other obligation entered into by each respective district shall become effective and enforceable by the Montrose Management District upon the Consolidation Effective Date.
- f. As of the Consolidation Effective Date, each district shall be governed by the laws applicable to each district prior to consolidation. If one of the districts consolidated into one district had powers at the time that the other district being consolidated did not have, the consolidated district may exercise within the original boundaries of each district, only the powers that belonged to that original district.

- g. As of the Consolidation Effective Date, the directors listed above in Section 5(b) shall assume their director positions of the Montrose Management District Board and those filling the officer positions of Chairman, Vice Chairman, Secretary, Assistant Secretary, Treasurer and Investment Officer shall be selected by Montrose Management District Board approval.
- h. The investment policy and the list of qualified broker/dealers attached to the investment policy, which is attached hereto as **Exhibit A** ("Investment Policy") shall govern the investments for Montrose Management District. The Chairman, Investment Officer and the Montrose Management District attorney shall have the requisite legal authority to execute any collateral or depository pledge agreements necessary to carry out and effectuate the Montrose Management District Investment Policy.

[Execution Page Follows]



PASSED AND APPROVED this 15th day of February, 2011.

  
Chairman, Board of Directors  
Harris County Improvement District No. 11

ATTEST:

  
Secretary, Board of Directors  
Harris County Improvement District No. 11



**EXHIBIT A**  
**[INVESTMENT POLICY]**

## Exhibit A

### INVESTMENT POLICY

This Investment Policy (the "Policy") is adopted by the Board of Directors of Montrose Management District (the "District") pursuant to Chapter 2256 of the Texas Government Code and Chapter 49 of the Texas Water Code, effective as of February 15, 2011.

#### ARTICLE I PURPOSE

##### Section 1.01. Purpose.

This Policy with respect to District investments has been adopted to establish the principles and criteria by which the funds of the District should be invested and secured and to comply with various provisions of Texas law relating to the investment and security of funds of political subdivisions (the "Investment Laws"). As of the date of the adoption of this Policy, the following laws are applicable to the investment of the District's funds: Chapter 2256, Texas Government Code; Chapter 791, Texas Government Code; Chapter 2257, Texas Government Code; and Chapter 404.101 et seq., Texas Government Code. The Investment Laws generally provide the minimum criteria for the authorized investment and security of the District's funds and require the District to adopt rules to ensure the investment of District funds in accordance with such laws. This Policy will specify the scope of authority of District Officials who are responsible for the investment of District funds.

#### ARTICLE II DEFINITIONS

##### Section 2.01. Definitions.

Unless the context requires otherwise, the following terms and phrases used in this Policy shall mean the following:

- A. The term "Authorized Collateral" means any means or method of securing the deposit of District funds authorized by Chapter 2257, Texas Government Code.
- B. The term "Authorized Investment" means any security which the District is authorized to invest under Chapter 2256, Texas Government Code.
- C. The term "Board" means the Board of Directors of the District.
- D. The term "Collateral" means any means or method of securing the deposit of District funds under Article IV hereof.
- E. The term "Collateral Act" means Chapter 2257, Texas Government Code, as amended from time to time.
- F. The term "Director" means a person elected or appointed to serve on the Board of Directors of the District.



- G. The term "District Officials" means the Investment Officer, District Directors, officers, employees, and persons and business entities engaged in handling the investment of District funds.
- H. The term "Employee" means any person employed by the District, but does not include independent contractors or professionals hired by the District as outside consultants, such as the District bookkeeper or the District's financial advisor.
- I. The term "Investment Act" means Chapter 2256, Texas Government Code, as amended from time to time.
- J. The term "Investment Officer(s)" means the Director(s) or Employee(s) of the District appointed from time to time by the Board or independent contractor(s) or a person with whom the District has contracted to invest and reinvest the funds of the District held in its various accounts.

### ARTICLE III INVESTMENT OFFICER

#### Section 3.01. Investment Officer.

From time to time, the District shall appoint one or more of its Directors or Employees or contract with a person to serve as Investment Officer(s) to handle the investment of District funds. The Investment Officer(s) shall be responsible for investing District funds in accordance with this Policy. The Investment Officer(s) shall invest the District's funds, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived, with all investment decisions to be governed by the following objectives in order of priority: (a) preservation and safety of principal; (b) liquidity; and (c) yield.

#### Section 3.02. Training.

The Investment Officer(s) shall attend training sessions and receive the number of hours of instruction as required by the Investment Laws. The District bookkeeper shall also attend the same number and type of investment training sessions as those required for the Investment Officer(s).

#### Section 3.03. Reporting by the Investment Officer and District Officials.

Not less than quarterly and within a reasonable time after the end of the period reported, the Investment Officer and District Officials shall prepare and submit to the Board a written report of the investment transactions for all funds of the District for the preceding reporting period. The report must (1) describe in detail the investment position of the District on the date of the report, (2) be prepared jointly by all the Investment Officers of the District, if the District appoints more than one, (3) be signed by all Investment Officers and District Officials who prepare the report, (4) state the book value and the market value of each separately invested asset at the beginning and end of the reporting period by the type of asset and fund type invested, (5) state the maturity date of each separately invested asset that has a maturity date, (6) state the

District fund for which each individual investment was acquired, and (7) state the compliance of the investment portfolio as it relates to this Policy and the Investment Act.

Section 3.04. Assistance with Certain Duties of the Investment Officer.

The Board hereby authorizes and directs the District's Bookkeeper and any other District Officials requested by the Investment Officer to assist the Investment Officer(s) with any of his duties, including but not limited to the following:

- A. presenting a copy of the Policy to any person or business organization seeking to sell an investment to the District and obtaining the necessary written certification from such seller referred to in this section;
- B. handling investment transactions;
- C. preparing and submitting to the Board the written report of all investment transactions for the District as required by this section;
- D. researching investment options and opportunities;
- E. obtaining written depository pledge agreements as required herein;
- F. obtaining safe-keeping receipts from the Texas financial institution which serves as a depository for pledged Collateral; and
- G. reviewing the market value of the District's investments and of the Collateral pledged to secure the District's funds.

ARTICLE IV  
PROCEDURES FOR INVESTMENT OF DISTRICT MONIES

Section 4.01. Qualified Broker/Dealers.

The Board, by written resolution, shall establish the list of qualified broker/dealers attached hereto as Exhibit B, with whom the District may engage in investment transactions. The Board shall, at least annually, review, revise, and adopt such list.

Section 4.02. Disclosures of Relationships with Entities Offering to Enter into Investment Transactions with the District.

The Investment Officer(s) and the District Officials shall disclose in writing (a) any "personal business relationship" with a business organization offering to engage in an investment transaction with the District and (b) any relationship within the second degree by affinity or consanguinity, as determined by Chapter 573, Texas Government Code, to any individual seeking to sell an investment to the District, as required by the Investment Act. The existence of a "personal business relationship" shall be determined in accordance with the Investment Act. Such disclosure statement shall be filed with the Board and the Texas Ethics Commission.



Section 4.03. Certifications from Sellers of Investments.

The Investment Officer(s) or the District Officials shall present this Policy to any person or business organization offering to engage in an investment transaction with the District and obtain the certificate that such potential seller has reviewed the Policy as provided in the Investment Act. This certificate shall be in a form acceptable to the District and shall state that the potential seller has received and reviewed the Policy and has acknowledged that the potential seller has implemented reasonable procedures and controls in an effort to preclude investment transactions with the District that are not authorized by this Policy, except to the extent that this authorization is dependent on an analysis of the makeup of the District's entire portfolio or requires an interpretation of subjective investment standards. Neither the Investment Officer nor the District Officials shall purchase or make any investment from a potential seller that has not delivered to the District this required certification. A form of certificate acceptable to the District is attached hereto as Exhibit A.

Section 4.04. Solicitation of Bids for Certificates of Deposit.

Bids for certificates of deposit may be solicited orally, in writing, electronically or in any combination of those methods.

Section 4.05. Settlement Basis.

All purchases of investments, except investment in investment pools or in mutual funds, shall be made on a delivery versus payment basis. The safekeeping entity for all District investments and for all Collateral pledged to secure District funds shall be one approved by the Investment Officer(s).

Section 4.06. Monitoring of the Market Value of Investments and Collateral.

The Investment Officer(s), with the help of such District Officials as needed, shall determine the market value of each investment and of all Collateral pledged to secure deposits of District funds at least quarterly and at a time as close as practicable to the closing of the reporting period for investments. Such values shall be included on the investment report. The following methods shall be used:

- A. Certificates of deposit shall be valued at their face value plus any accrued but unpaid interest.
- B. Shares in money market mutual funds and investment pools shall be valued at par plus any accrued but unpaid interest.
- C. Other investment securities with a remaining maturity of one year or less may be valued in any of the following ways:
  - (1) the lower of two bids obtained from securities broker/dealers for such security;



- (2) the average of the bid and asked prices for such investment security as published in The Wall Street Journal or The New York Times;
  - (3) the bid price published by any nationally recognized security pricing service; or
  - (4) the market value quoted by the seller of the security or the owner of such Collateral.
- D. Other investment securities with a remaining maturity greater than one year shall be valued at the lower of two bids obtained from securities broker/ dealers for such security, unless two bids are not available, in which case the securities may be valued in any manner provided in 4.06(C) hereof.

## ARTICLE V

### PROVISIONS APPLICABLE TO ALL FUNDS

#### Section 5.01. Provisions Applicable to All Fund Groups.

A. All funds of the District shall be invested only in accordance with this Policy and shall comply with any additional requirements imposed by Bond Resolutions of the District and applicable state law or federal tax law, including the Investment Laws.

B. The Board, by separate resolution, may provide that the District's bookkeeper may withdraw or transfer funds from and to accounts of the District only in compliance with this Policy.

C. No fund groups shall be pooled for the purposes of investment, e.g. the funds in the Operating Account and in the Capital Projects (Construction) Account shall not be commingled or pooled for purposes of investment.

#### Section 5.02. Policy of Securing Deposits of District Funds — Applicable to All Deposited District Funds.

A. The District recognizes that FDIC (or its successor) insurance is available for District funds deposited at any one Texas Financial Institution (including branch banks) only up to the maximum FDIC insurance limit (including accrued interest) for each of the following: (i) demand deposits, (ii) time and savings deposits, and (iii) deposits made pursuant to an indenture or pursuant to law in order to pay bondholders or noteholders. It is the policy of the District that all deposited funds in each of the District's accounts shall be insured by the FDIC, or its successor, and to the extent not insured, shall be secured by Collateral pledged to the extent of the fair market value of the principal amount deposited plus accrued interest as required by the Collateral Act.

B. If it is necessary for the District's depositories to pledge Collateral to secure the District's deposits, (1) the Collateral pledge agreement must be in writing, (2) the Collateral pledge agreement must be approved by the depository's board of directors or loan committee, (3) the depository's approval of the Collateral pledge agreement must be reflected in the minutes



of the meeting of the depository's board or loan committee approving same, and (4) the Collateral pledge agreement must be kept in the official records of the depository. The depository must provide to the Investment Officer or District Officials with written proof of the depository's approval of the pledge agreement as required herein in a form acceptable to the District. A signed or certified copy of the minutes of the meeting of the depository's board or loan committee reflecting the approval of the Collateral pledge agreement or other written documentation of such approval acceptable to the Investment Officer will be accepted. It is the preference of the Board that all requirements of this section be met prior to the deposit of any District funds in such financial institution when a pledge of Collateral is required; however, the Board recognizes that compliance with this preference might not be practicable due to time constraints for making a deposit. In such event, the Board directs the Investment Officer and District Officials to proceed diligently to have such agreement approved and documented to assure protection of the District's funds. If the decision is made to forego the protection of a Collateral pledge agreement with any depository, the District bookkeeper shall be responsible for maintaining the balance of deposit(s) in such depository plus any accrued but unpaid interest at or below FDIC insurance levels.

C. Collateral pledged by a depository shall be held in safekeeping at an independent third party institution, and the District bookkeeper shall obtain safe-keeping receipts from the Texas financial institution or the safekeeping institution that reflect that Collateral as allowed by this Investment Policy and in the amount required was pledged to the District. Principal and accrued interest on deposits in a financial institution shall not exceed the FDIC's, or its successor's, insurance limits or the market value of the Collateral pledged as security for the District's deposits. It shall be acceptable for the bookkeeper to periodically receive interest on deposits to be deposited to the credit of the District if needed to keep the amount of the funds under the insurance or Collateral limits. It is the preference of this Board that there be no sharing, splitting or cotenancy of Collateral with other secured parties or entities; however, in the event that a depository cannot accommodate this preference due to the denominations of the securities to be pledged, the Board directs the Investment Officer and District Officials to obtain appropriate protections in the pledge agreement with the depository to assure that the Collateral is liquidated and the funds distributed appropriately to all parties with a security interest in such Collateral. The District bookkeeper shall monitor the pledged Collateral to assure that it is pledged only to the District, review the fair market value of the Collateral to ensure that the District's funds are fully secured, and report periodically to the Investment Officer and the Board regarding the Collateral.

D. The District's funds deposited in any Texas financial institution, to the extent that they are not insured, may be secured by the pledge of any of the following:

- (1) Surety bonds;
- (2) An obligation that in the opinion of the Attorney General of the United States is a general obligation of the United States and backed by its full faith and credit;
- (3) A general or special obligation that is (a) payable from taxes, revenues, or a combination of taxes and revenues and (b) issued by a state or political

or governmental entity, agency, instrumentality or subdivision of the state, including a municipality, an institution of higher education as defined by Section 61.003, Education Code, a junior college, a district created under Article XVI, Section 59, of the Texas Constitution, and a public hospital;

- (4) A fixed-rate collateralized mortgage obligation that has an expected weighted average life of 10 years or less and does not constitute a "high-risk mortgage security" under the Collateral Act;
- (5) A floating-rate collateralized mortgage obligation that does not constitute a "high-risk mortgage security" under the Collateral Act; or
- (6) A security in which a public entity may invest under the Investment Act. As of the date of this Agreement, the following are the securities in which a public entity may invest under the Investment Act and, therefore, may be used as Collateral:
  - (a) Obligations, including letters of credit, of the United States or its agencies and instrumentalities;
  - (b) Direct obligations of the State of Texas or its agencies and instrumentalities;
  - (c) Collateralized mortgage obligations directly issued by a federal agency or instrumentality or the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;
  - (d) Other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of the United States or the State of Texas or their respective agencies and instrumentalities;
  - (e) Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent;
  - (f) Certificates of deposit issued by a state or national bank domiciled in this State or a savings bank domiciled in this State or a state or federal credit union domiciled in this State that are guaranteed by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund or its successor that are secured by the obligations in which the District may invest under the Investment Act;
  - (g) Repurchase agreements that comply with the Investment Act;



- (h) Bankers' acceptances that comply with the Investment Act;
- (i) Commercial paper that complies with the Investment Act;
- (j) No-load money market mutual funds that comply with the Investment Act;
- (k) No-load mutual funds that comply with the Investment Act; and

Notwithstanding anything to the contrary provided above, the following may not be used as Collateral and are not authorized as investments for the District under the Investment Act:

- (a) Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;
- (b) Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest;
- (c) Collateralized mortgage obligations that have a final stated maturity date of greater than 10 years other than those listed in Section 5.02(D)(4) and 5.02(D)(5) above; or
- (d) Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

#### Section 5.03. Diversification.

The Investment Officer may invest up to 100% of the funds of the District in any investment instrument authorized in this Policy.

### ARTICLE VI AUTHORIZED INVESTMENTS

#### Section 6.01. Authorized Investments.

Unless specifically prohibited by law or elsewhere by this Policy, District monies in any of its fund groups may be invested and reinvested only in the following types of investments:

- A. Obligations, including letters of credit, of the United States or its agencies and instrumentalities;
- B. Direct obligations of the State of Texas or its agencies and instrumentalities;

- C. Collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;
- D. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of the State of Texas or the United States or their respective agencies and instrumentalities;
- E. Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent;
- F. Certificates of deposit issued by a state or national bank domiciled in Texas, or a savings bank domiciled in Texas, or a state or federal credit union domiciled in Texas that is guaranteed or insured by the Federal Deposit Insurance Corporation or the national Credit Union Share Insurance Corporation or its successor; and secured by obligations that are authorized under the Investment Act;
- G. Repurchase agreements that comply with the Investment Act;
- H. Bankers' acceptances that comply with the Investment Act;
- I. Commercial paper that complies with the Investment Act;
- J. No-load money market mutual funds that comply with the Investment Act;
- K. No-load mutual funds that comply with the Investment Act; and
- L. TexPool, TexStar, and Texas Cooperative Liquid Assets Securities System Trust ("Texas CLASS"), investment pools, provided that they comply with the Investment Act.

Section 6.02. Prohibited Investments.

Notwithstanding anything to the contrary stated herein, no funds of the District may be invested in the following or in any other type of investment prohibited by the Investment Act or other applicable law:

- A. Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal (CO's);
- B. Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest (PO's);
- C. Collateralized mortgage obligations that have a stated final maturity date of greater than 10 years; and

- D. Collateralized mortgage obligations the interest rate of which are determined by an index that adjusts opposite to the changes in the market index (inverse floaters).

## ARTICLE VII INVESTMENT STRATEGIES

### Section 7.01. Strategy Applicable to All Funds.

The District's general investment strategy for all fund groups shall be to invest such monies from such fund groups so as to accomplish the following objectives, which are listed in the order of importance:

- A. Understanding of the suitability of the investment to the financial requirements of the District;
- B. Preservation and safety of principal;
- C. Liquidity;
- D. Marketability of the investment if the need arises to liquidate the investment before maturity;
- E. Diversification of the investment portfolio; and
- F. Yield.

### Section 7.02. Investment Strategy for all Funds.

All District funds shall be invested to meet the requirements of the District and shall not be invested for longer than two (2) years.

## ARTICLE VIII MISCELLANEOUS

### Section 8.01. Annual Review.

The District shall review this Investment Policy at least annually and adopt a resolution confirming the continuance of the Investment Policy without amendment or adopt an Amended Investment Policy.

### Section 8.02. Superseding Clause.

This Policy supersedes any prior policies adopted by the Board of Directors regarding investment or securitization of District Funds.



Section 8.03. Open Meeting.

The Board officially finds, determines and declares that this Investment Policy was reviewed, carefully considered, and adopted at a regular meeting of the Board, and that a sufficient written notice of the date, hour, place and subject of this meeting was posted at a place readily accessible and convenient to the public within the District and on a bulletin board located at a place convenient to the public in Harris County for the time required by law preceding this meeting, as required by the Open Meetings Act, Chapter 551, Texas Government Code, and that this meeting had been open to the public as required by law at all times during which this Policy was discussed, considered and acted upon. The Board further ratifies, approves and confirms such written notice and the contents and posting thereof.

EXHIBIT A

CERTIFICATE OF COMPLIANCE FROM SELLERS OF INVESTMENTS  
AS REQUIRED BY THE PUBLIC FUNDS INVESTMENT ACT

To: Harris County Improvement District No. 6 (the "District")

From: [Name of the person offering or the "qualified [Office such person holds]  
representative of the business organization" offering to  
engage in an investment transaction with the District]

of \_\_\_\_\_ (the "Business Organization")  
[name of financial institution, business organization or investment pool]

Date: \_\_\_\_\_, 2\_\_\_\_

In accordance with the provisions of Chapter 2256 of the Texas Government Code, I  
hereby certify that:

1. I am an individual offering to enter into an investment transaction with the District or a "qualified representative" of the Business Organization offering to enter an investment transaction with the District, as applicable, as such terms are used in the Public Funds Investment Act, Chapter 2256, Texas Government Code, and that I meet all requirements under such act to sign this Certificate.
2. I or the Business Organization, as applicable, anticipate selling to the District investments that comply with the District's Investment Policy and the Investment Act (collectively referred to herein as the "Investments") dated June 18, 2009 (the "Investment Policy").
3. I or a registered investment professional that services the District's account, as applicable, have received and reviewed the Investment Policy, which the District has represented is the complete Investment Policy of the District now in full force and effect. The District has further acknowledged that I or the Business Organization, as applicable, may rely upon the Investment Policy until the District provides me or the Business Organization, as applicable, with any amendments to or any newly adopted form of the Investment Policy.
4. I or the Business Organization, as applicable, have/has implemented reasonable procedures and controls in an effort to preclude investment transactions between the District and me or the Business Organization, as applicable, that are not authorized by the Investment Policy, except to the extent that this authorization is

dependent upon an analysis of the District's entire portfolio or requires an interpretation of subjective investment standards.

5. I or the Business Organization, as applicable, have/has reviewed or will review prior to sale, the terms, conditions and characteristics of the investments to be sold to the District and determined (i) that each of the Investments is an authorized investment for local governments under the Investment Act and (ii) each of the Investments is an authorized investment under the Investment Policy. The Business Organization makes no representation as to whether any limits on the amount of District monies to be invested in the Investments exceeds or in any way violates the Investment Policy.
6. The Business Organization makes no representations or guarantees regarding the prudence, reasonableness or adequacy of the Investment Policy.
7. The Business Organization has attached hereto, for return to the District, or will provide a prospectus or disclosure document for each of the Investments other than certificates of deposit and direct obligations of the United States.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**Investments other than certificates of deposit are not FDIC insured, are not deposits or other obligations of me, the Business Organization or any of its affiliates, and are subject to investment risks, including possible loss of the principal amount invested.**



## EXHIBIT B

### List of Qualified Broker/Dealers

Allegiance Bank	Memorial City Bank
Allied Houston Bank	Merrill Lynch & Co.
Amegy Bank of Texas, N. A.	Metro Bank, N.A.
Bank of America N.A.	Midkiff & Stone Capital Group, Inc.
Bank of Houston	MidSouth Bancorp, Inc.
Bank of Texas N.A.	Moody National Bank
Beal Bank SSB	Morgan Keegan, Inc.
Capital Bank	Morgan Stanley
Capital Markets of Dallas	New First National Bank
Capital One	North Houston Bank
Central Bank	Northwest Investment Services, Inc.
Chase Investments Services Corp.	Omni Bank N.A.
Chasewood Bank	Partners Bank of Texas
Coastal Securities Ltd.	Patriot Bank
Comerica Bank	Plains State Bank
Commercial State Bank	Post Oak Bank
Community State Bank	Preferred Bank
Community State Bank Austin	Prosperity Bank
Compass Bank	Prudential Securities Incorporated
Countrywide Financial Corporation	Raymond James & Associates, Inc.
Crosby State Bank	RBC Dain Rauscher Inc.
Dean Witter, Inc.	Regions Bank
Encore Bank	Smith Barney
Enterprise Bank	Security State Bank
First Bank Bellaire	Southwest Securities, Inc.
First Bank of Conroe	State Bank of Texas
First Bank of Missouri City	State Street Bank & Trust Co.
First Bank of Texas	Sterling Bank
First Bank & Trust	Sun America Securities, Inc.
First Choice Bank	Tex Star Investment Pool
First Community Bank	Texas Capital Bank N.A.
First National Bank Bastrop	Texas Class
First National Bank Edinburg	Texas Citizens Bank
FiServ Investor Services	Texas Community Bank
First National Bank of Texas	Texas First Bank
First Texas Bank	Texas Independent Bank
Frost Bank	Texas Savings Bank
Green Bank	Texas State Bank/Division of Compass Bank
Guaranty Federal Bank	Texpool/Texpool Prime
Herring National Bank	The Bank of River Oaks
Hometown Bank, N.A.	The Right Bank for Texas
Houston Community Bank N.A.	Tradition Bank
International Bank of Commerce	Tri Star Financial
Ironstone Bank	Trustmark National Bank
JP Morgan Chase	UBS Financial Services, Inc.
JP Morgan Securities Inc.	Union Planters Bank, N.A.
JP Morgan Trust Company, N.A.	Unity National Bank
Legg Mason Wood Walker, Inc.	Wachovia Bank, N.A.
LOGIC	Wallis State Bank

Lone Star Bank  
Lone Star Investment Pool  
LPL Financial Services  
Main Street Bank  
Merchants Bank

Wells Fargo Bank, N.A.  
Wells Fargo Brokerage Services, LLC  
Whitney National Bank  
Woodforest National Bank

**EXHIBIT B**

**TERMS AND CONDITIONS FOR CONSOLIDATION**



## TERMS AND CONDITIONS OF CONSOLIDATION OF EAST MONTROSE MANAGEMENT DISTRICT AND WEST MONTROSE MANAGEMENT DISTRICT

The proposed Terms and Conditions of the consolidation of East Montrose Management District and West Montrose Management District shall be as follows:

1. The consolidated district shall be named "Montrose Management District."
2. The Montrose Management District Board of Directors ("Montrose Management District Board") shall consist of the following 15 voting directors:

<u>Pos. No.</u>	<u>Name of Director</u>
1	Claude Wynn
2	Allen Ueckert
3	Randy Mitchmore
4	Cassie Stinson
5	Trip "Bradshaw" Carter
6	Marchris Robinson
7	Dennis Murland
8	Robert Jara
9	Michael Grover
10	Randall Ellis
11	Brad Nagar
12	Kathy Hubbard
13	Tom Fricke
14	Tammy Manning
15	David Robinson

3. The following persons shall serve as nonvoting directors: (1) the directors of the following departments of the City of Houston or a person designated by that director: parks and recreation; planning and development; and public works; (2) and the City of Houston's chief of police. If a department described in this paragraph is consolidated, renamed or changed, the Montrose Management District may appoint a director of the consolidated, renamed or changed department as a nonvoting director. If a department described by this paragraph is abolished, the board may appoint a representative of another department that performs duties comparable to the duties performed by the abolished department.
4. The voting directors shall serve four-year staggered terms expiring June 1 of each odd-numbered years in accordance with the terms they previously held in their respective districts. The Montrose Management District shall fill Montrose Management District Board vacancies by appointment by the Montrose Management District Board.

5. A majority of the voting directors in non-vacant director positions constitute a quorum of the Montrose Management District.
6. The effective date of the Consolidation shall be February 15, 2011 (the "Consolidation Effective Date"). As of the Consolidation Effective Date, Harris County Improvement District No. 6 ("East Montrose Management District") and Harris County Improvement District No. 11 ("West Montrose Management District") shall become Montrose Management District.
7. During the period after both districts approve the resolution proposing consolidation and prior to the Consolidation Effective Date (the "Transition Period"), the officers of each district shall act jointly to settle the affairs of their respective districts during the Transition Period.
8. As of the Consolidation Effective Date, Montrose Management District shall protect the debts and obligations of the original districts and ensure that the debts and obligations are not impaired. All assessments will continue to be collected as they were prior to consolidation. The Montrose Management District shall uphold and pay all outstanding debts and obligations of the original districts from the assessments levied and collected pursuant to the Service and Improvement Plan and Assessment Plan of each of the original districts, and the assessments arising from each respective plan shall be spent only on the costs incurred pursuant to each respective plan. All orders and resolutions and other action taken by each respective district and each contract or other obligation entered into by each respective district shall become effective and enforceable by the Montrose Management District upon the Consolidation Effective Date.
9. As of the Consolidation Effective Date, each district shall be governed by the laws applicable to each district prior to consolidation. If one of the districts consolidated into one district had powers at the time that the other district being consolidated did not have, the consolidated district may exercise within the original boundaries of each district, only the powers that belonged to that original district.
10. As of the Consolidation Effective Date, the directors listed above in Section 5(b) shall assume their director positions of the Montrose Management District Board and those filling the officer positions of Chairman, Vice Chairman, Secretary, Assistant Secretary, Treasurer and Investment Officer shall be selected by Montrose Management District Board approval.
11. The investment policy and the list of qualified broker/dealers attached to the investment policy, which is attached hereto as **Exhibit A** ("Investment Policy"), shall govern the investments for Montrose Management District. The Chairman, Investment Officer and the Montrose Management District attorney shall have the requisite legal authority to execute any collateral or depository pledge agreements necessary to carry out and effectuate the Montrose Management District Investment Policy.

**EXHIBIT C**

**RESOLUTION APPROVING THE CONSOLIDATION AGREEMENT BETWEEN HARRIS COUNTY IMPROVEMENT DISTRICT NO. 11 AND HARRIS COUNTY IMPROVEMENT DISTRICT NO. 6 CONTAINING THE TERMS AND CONDITIONS AND APPROVING CONSOLIDATION**



CERTIFICATE FOR RESOLUTION

THE STATE OF TEXAS     §  
                                      §  
COUNTY OF HARRIS     §

I, the undersigned officer of the Board of Directors of Harris County Improvement District No. 11 (the "District"), do hereby certify as follows:

1. The Board of Directors of the District convened in regular session on the 15th day of February, 2011, outside the boundaries of the District, and the roll was called of the duly constituted officers and members of the Board, to-wit:

Claude Wynn	Chairman
Randy Mitchmore	Vice Chairman
Marchris Robinson	Secretary
Dennis Murland	Assistant Secretary
Allen Ueckert	Director
Cassie Stinson	Director
Michael Carter	Director
Robert Jara	Director
Vacant	Director
Vacant	Director

and all of said persons were present except Director(s) Ueckert, thus constituting a quorum. Whereupon, among other business, the following was transacted at the meeting: a written

**RESOLUTION APPROVING CONSOLIDATION AGREEMENT BETWEEN HARRIS COUNTY IMPROVEMENT DISTRICT NO. 11 AND HARRIS COUNTY IMPROVEMENT DISTRICT NO. 6 AND APPROVING CONSOLIDATION**

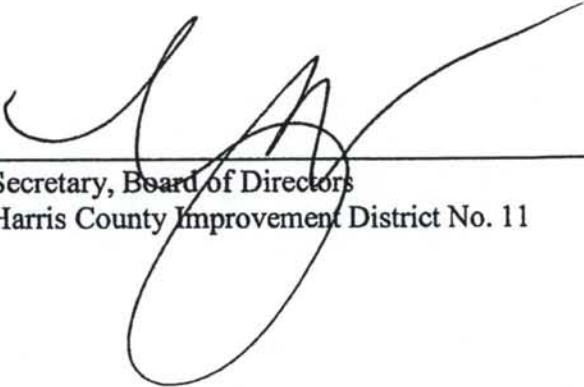
was introduced for the consideration of the Board. It was then duly moved and seconded that the Resolution be adopted; and, after due discussion, the motion, carrying with it the adoption of the Resolution, prevailed and carried unanimously.

2. That a true, full and correct copy of the aforesaid Resolution adopted at the meeting described in the above and foregoing paragraph is attached to and follows this certificate; that the Resolution has been duly recorded in the Board's minutes of the meeting; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of the Board as indicated therein; that each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid meeting, and that the Resolution would be introduced and considered for adoption at the meeting, and each of the officers and members consented, in advance, to the holding of the meeting for such purpose; that the meeting was open

to the public as required by law; and that public notice of the time, place and subject of the meeting was given as required by Chapter 551, Texas Government Code, and Section 49.063, Texas Water Code.

SIGNED AND SEALED the 15<sup>th</sup> day of February, 2011.



  
Secretary, Board of Directors  
Harris County Improvement District No. 11



**RESOLUTION APPROVING CONSOLIDATION AGREEMENT BETWEEN HARRIS COUNTY IMPROVEMENT DISTRICT NO. 11 AND HARRIS COUNTY IMPROVEMENT DISTRICT NO. 6 AND APPROVING CONSOLIDATION**

WHEREAS, Harris County Improvement District No. 11 (the "District") has been legally created by House Bill 4722, Acts of the 81st Legislature, Regular Session, 2009, and approved by the Governor on June 19, 2009, and the City Council of the City of Houston, Texas on January 5, 2011, and is governed by Chapter 375, Texas Local Government Code and Chapter 3878, Texas Special Districts Local Laws Code (together, as amended (the "Act")); and

WHEREAS, in accordance with the Act, the District may consolidate with one other municipal management district that adjoins or has a boundary that is within a two-mile radius of any boundary of the District that has not issued bonds or notes secured by assessments, or ad valorem taxes or imposed taxes; and

WHEREAS, the District has a boundary that adjoins and is within a two-mile radius of Harris County Improvement District No. 6, and neither the District nor Harris County Improvement District No. 6 have issued bonds or notes secured by assessments, or ad valorem taxes, or imposed taxes; and

WHEREAS, in accordance with the Act, the District and Harris County Improvement District No. 6 may consolidate provided that they each adopt a resolution proposing consolidation and deliver a copy of the resolution to the board of directors of each district with which the consolidation is proposed; and

WHEREAS, the Act requires that a public hearing be held in each district regarding the consolidation and the terms and conditions of such consolidation of the districts to be consolidated (the "Terms and Conditions") and to publish notice of the hearing in a newspaper of general circulation in districts at least seven (7) days before the hearing; and

WHEREAS, the District and its officers and attorney is authorized to and has complied with all requirements to call and publish notice of the hearing on the proposed consolidation and the proposed Terms and Conditions therefore; and

WHEREAS, the Act requires that such Terms and Conditions include: (1) adoption of a name for the consolidated district; (2) the number and apportionment of directors to serve on the board of the consolidated district; (3) the effective date of the consolidation; (4) an agreement on finances for the consolidated district, including disposition of funds, property, and other assets of each district; and (5) an agreement on governing the districts during the transition period including selection of officers; and

WHEREAS, the Act requires that no later than the 30th day after the consolidating districts have approved of such consolidation that the districts enter an agreement specifying the Terms and Conditions for consolidation (the "Consolidation Agreement") and enter an order by majority vote approving such Consolidation Agreement with its Terms and Conditions to consolidate the districts accordingly; and



WHEREAS, the Act establishes the governance of the districts after consolidation as one district prior to the Terms and Conditions taking effect, authorizing the officers of each district to continue to act jointly as officers of the original districts to settle the affairs of their respective districts during the period before the Terms and Conditions of the agreement take effect, and further declaring that if one of the districts consolidated into one district had powers at the time the districts were consolidated that the other did not have, the consolidated district may exercise within the original boundaries of each district only the powers that belonged to that original district; and

WHEREAS, the Act authorizes the consolidated district, after two districts are consolidated, to protect the debts and obligations of the original districts and ensure that the debts and obligations are not impaired, and if the consolidated district has taxing authority, the debts may be paid by taxes imposed on land in the original districts as if they had not consolidated or from contributions from the consolidated district on terms stated in the consolidation agreement; and

WHEREAS, the Act authorizes the consolidated district, if it has taxing authority, to impose and collect taxes on all property in the district uniformly, for maintenance and operation of the district; and

WHEREAS, the Act authorizes the consolidated district to keep in the records of the consolidated district, recorded in the office of the county clerk in the districts, and filed with the Executive Director of the Texas Commission on Environmental Quality, a Consolidation Order issued by the Board; and

WHEREAS, the District and Harris County Improvement District No. 6 have adopted Resolutions Proposing Consolidation of the District and Harris County Improvement District No. 6, Authorizing Delivery of Resolution to the Harris County Improvement District No. 6 Board of Directors, and Proposing Terms and Conditions for Consolidation as they are adjoining districts with boundaries within a two-mile radius, with neither district having issued bonds or notes secured by assessments or ad valorem taxes or imposed taxes; and

WHEREAS, the District has published a notice of the hearing in a newspaper of general circulation within the boundaries of the District at least seven (7) days before the hearing and has held a public hearing on this date regarding the consolidation and the Terms and Conditions of such consolidation of the districts to be consolidated as required by the Act; Now, Therefore,

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF HARRIS COUNTY IMPROVEMENT DISTRICT NO. 11 THAT:

Section 1: Harris County Improvement District No. 11 hereby officially finds and determines that the facts and recitations contained in the recitals to this Resolution are true and correct and such recitals are hereby approved as a part of this Resolution, including the terms defined therein.

Section 2: Harris County Improvement District No. 11 has approved a Resolution Proposing Consolidation of the District with Harris County Improvement District No. 6,

Authorizing Delivery of Resolution to the Harris County Improvement District No. 6 Board of Directors, and Proposing Terms and Conditions for Consolidation.

Section 3: A public hearing was held in the District regarding the Terms and Conditions for consolidation of said districts.

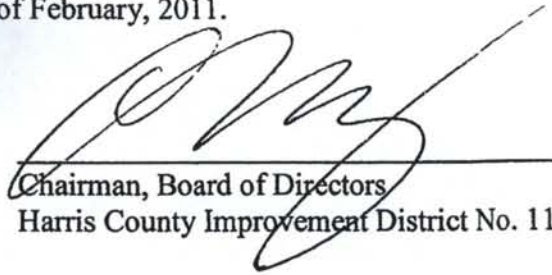
Section 4: Harris County Improvement District No. 11 has delivered a Resolution Proposing Consolidation of the District with Harris County Improvement District No. 6; Authorizing the Delivery of the Resolution to the Harris County Improvement District No. 6 Board of Directors; and Proposing the Terms and Conditions for Consolidation to the Harris County Improvement District No. 6 Board of Directors on this date.

Section 5: Harris County Improvement District No. 11 hereby approves of the Consolidation Agreement containing the Terms and Conditions for Consolidation, attached hereto as Exhibit A.


Section 6: Harris County Improvement District No. 11 hereby approves of the consolidation of the districts.

[Execution Page Follows]

PASSED AND APPROVED this 15th day of February, 2011.

  
Chairman, Board of Directors  
Harris County Improvement District No. 11

ATTEST:

  
Secretary, Board of Directors  
Harris County Improvement District No. 11





**EXHIBIT A**  
**[CONSOLIDATION AGREEMENT]**

**CONSOLIDATION AGREEMENT**

Between

HARRIS COUNTY IMPROVEMENT DISTRICT NO. 6

and

HARRIS COUNTY IMPROVEMENT DISTRICT NO. 11

February 15, 2011

## CONSOLIDATION AGREEMENT

This Consolidation Agreement ("*Agreement*"), effective February 15, 2011, ("*Effective Date*") is made by and between HARRIS COUNTY IMPROVEMENT DISTRICT NO. 6 ("*East Montrose Management District*"), a municipal management district that has been legally created by House Bill 3518, 79<sup>th</sup> Legislature, Regular Session, 2005 and approved by the Governor on June 17, 2005; and the City Council of the City of Houston ("*Houston City Council*"), Texas on March 28, 2007, and is governed by Chapter 375, Texas Local Government Code and Chapter 3843, Texas Special Districts Local Laws Code (together, as amended (the "*Act*")), and HARRIS COUNTY IMPROVEMENT DISTRICT NO. 11 ("*West Montrose Management District*"), a municipal management district that has been legally created by House Bill 4722, 81<sup>st</sup> Legislature, Regular Session 2009, and approved by the Governor on June 19, 2009 and the Houston City Council on January 5, 2011, and is governed by Chapter 375, Texas Local Government Code and Chapter 3878, Texas Special Districts Local Laws Code (together, as amended also referred to as (the "*Act*")).

## RECITALS

Both the East Montrose Management District and West Montrose Management District lawfully approved of the consolidation of the said districts and the proposed terms and conditions for consolidation (the "*Terms and Conditions*") by resolutions passed on February 15, 2011 in accordance with the Act.

In order to consolidate East Montrose Management District and West Montrose Management District, the Act requires that that no later than the 30th day after the consolidating districts have approved of such consolidation that the districts enter an agreement specifying the Terms and Conditions for consolidation and enter an order by majority vote approving such Consolidation Agreement with its Terms and Conditions to consolidate the districts accordingly.

The Act further requires that such Terms and Conditions include: (1) adoption of a name for the consolidated district; (2) the number and apportionment of directors to serve on the board of the consolidated district; (3) the effective date of the consolidation; (4) an agreement on finances for the consolidated district, including disposition of funds, property, and other assets of each district; and (5) an agreement on governing the districts during the transition period including selection of officers.

The Act establishes the governance of the districts after consolidation as one district prior to the Terms and Conditions taking effect, authorizing the officers of each district to continue to act jointly as officers of the original districts to settle the affairs of their respective districts during the period before the Terms and Conditions of the agreement take effect, and further declaring that if one of the districts consolidated into one district had powers at the time the districts were consolidated that the other did not have, the consolidated district may exercise within the original boundaries of each district only the powers that belonged to that original district; and



The Act authorizes the consolidated district, after two districts are consolidated, to protect the debts and obligations of the original districts and ensure that the debts and obligations are not impaired, and if the consolidated district has taxing authority, the debts may be paid by taxes imposed on land in the original districts as if they had not consolidated or from contributions from the consolidated district on terms stated in the consolidation agreement.

## AGREEMENT

For and in consideration of the mutual promises, covenants, obligations, and benefits of this Agreement, East Montrose Management District and West Montrose Management District contract and agree as follows:

### ARTICLE 1 GENERAL PROVISIONS

1.1 Consolidation Effective Date. The effective date of the consolidation of East Montrose Management District and West Montrose Management District shall be February 15, 2011 (the "*Consolidation Effective Date*"). As of the Consolidation Effective Date, East Montrose Management District and West Montrose Management District shall become Montrose Management District.

1.2 Montrose Management District Board of Directors. (a) The Montrose Management District board of directors ("*Montrose Management District Board*") shall consist of the following 15 voting directors:

<u>Pos. No.</u>	<u>Name of Director</u>
1	Claude Wynn
2	Allen Ueckert
3	Randy Mitchmore
4	Cassie Stinson
5	Trip "Bradshaw" Carter
6	Marchris Robinson
7	Dennis Murland
8	Robert Jara
9	Michael Grover
10	Randall Ellis
11	Brad Nagar
12	Kathy Hubbard
13	Tom Fricke
14	Tammy Manning
15	David Robinson

(b) The following persons shall serve as nonvoting directors: (1) the directors of the following departments of the City of Houston or a person designated by that director: parks and recreation; planning and development; and public works; and (2) the City of Houston's chief of police. If a department described in this

paragraph is consolidated, renamed or changed, the Montrose Management District may appoint a director of the consolidated, renamed or changed department as a nonvoting director. If a department described by this paragraph is abolished, the board may appoint a representative of another department that performs duties comparable to the duties performed by the abolished department.

(c) The voting directors shall serve four-year staggered terms expiring June 1 of each odd-numbered years in accordance with the terms they previously held in their respective districts. The Montrose Management District shall fill Montrose Management District Board vacancies by appointment by the Montrose Management District Board.

(d) A majority of the voting directors in non-vacant director positions constitute a quorum of the Montrose Management District.

(e) As of the Consolidation Effective Date, the directors listed above in Section 1.2 shall assume their director positions of the Montrose Management District Board and those filling the officer positions of Chairman, Vice Chairman, Secretary, Assistant Secretary, Treasurer and Investment Officer shall be selected by Montrose Management District Board approval.

1.3 Transition Period. During the period after the both districts approve the resolution proposing consolidation and prior to the Consolidation Effective Date (the "*Transition Period*"), the officers of each district shall act jointly to settle the affairs of their respective districts during the Transition Period.

1.4 Existing Debts and Obligations of Original Districts. As of the Consolidation Effective Date, Montrose Management District shall protect the debts and obligations of the original districts and ensure that the debts and obligations are not impaired. All assessments will continue to be collected as they were prior to consolidation. The Montrose Management District shall uphold and pay all outstanding debts and obligations of the original districts from the assessments levied and collected pursuant to the Service and Improvement Plans and Assessment Plans of the original districts, and the assessments arising from each respective plan shall be spent only on the costs incurred pursuant to each respective plan. All orders and resolutions and other action taken by each respective district and each contract or other obligation entered into by each respective district shall become effective and enforceable by the Montrose Management District upon the Consolidation Effective Date.

1.5 Governing Laws. As of the Consolidation Effective Date, each district shall be governed by the laws applicable to each district prior to consolidation. If one of the districts consolidated into one district under had powers at the time that the other district being consolidated did not have, the consolidated district may exercise within the original boundaries, of each district only the powers that belonged to that original district.

1.6 Investment Policy. The investment policy and the list of qualified broker/dealers attached to the investment policy, which is attached hereto as **Exhibit A** (the "*Investment Policy*") shall govern the investments for Montrose Management District. The Chairman, Investment Officer and the Montrose Management District attorney shall have the requisite legal



authority to execute any collateral or depository pledge agreements necessary to carry out and effectuate the Montrose Management District Investment Policy.

ARTICLE 2  
MISCELLANEOUS

2.1 Invalidity. In the event that any of the provisions contained in this Agreement shall be held unenforceable in any respect, such unenforceability shall not affect any other provision of this Agreement.

2.2 Exhibits; Titles of Articles, Sections and Subsections. The exhibits attached to this Agreement are incorporated herein and shall be considered a part of this Agreement for the purposes stated herein, except that in the event of any conflict between any of the provisions of such exhibits and the provisions of this Agreement, the provisions of this Agreement shall prevail. All titles or headings are only for the convenience of the parties and shall not be construed to have any effect or meaning as to the agreement between the parties hereto. Any reference herein to a Section or Subsection shall be considered a reference to such Section or Subsection of this Agreement unless otherwise stated. Any reference herein to an exhibit shall be considered a reference to the applicable exhibit attached hereto unless otherwise stated.

2.3 Construction. This Agreement is a contract made under and shall be construed in accordance with and governed by the laws of the United States of America and the State of Texas, as such laws are now in effect.

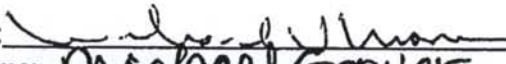
2.4 Entire Agreement. This written agreement represents the final agreement between the parties and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties.

[Signature Page Follows]

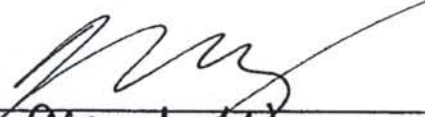


IN WITNESS WHEREOF, the parties hereto have caused this instrument to be duly executed as of the 15<sup>th</sup> day of February, 2011.

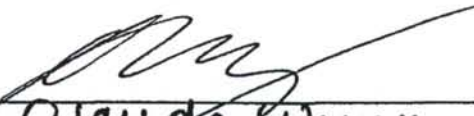
**HARRIS COUNTY IMPROVEMENT  
DISTRICT NO. 6 (EAST MONTROSE  
MANAGEMENT DISTRICT)**

By:   
Name: Michael Grover  
Title: Chairman, Board  
of Directors

ATTEST:

By:   
Name: Claude Wynn  
Title: Asst. Secretary,  
Board of  
Directors

**HARRIS COUNTY IMPROVEMENT  
DISTRICT NO. 11 (WEST MONTROSE  
MANAGEMENT DISTRICT)**

By:   
Name: Claude Wynn  
Title: Chairman, Board

ATTEST:

By:   
Name: Marchris Robinson  
Title: Secretary, Board of  
Directors

**EXHIBIT A**

**[Investment Policy]**