

MINUTES  
HARRIS COUNTY IMPROVEMENT DISTRICT NO. 18

October 26, 2016

The Board of Directors (the "Board") of Harris County Improvement District No. 18 (the "District") met in regular session, open to the public, on the 26<sup>th</sup> day of October, 2016, at the offices of Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Houston, Texas, outside the boundaries of the District, and the roll was called of the members of the Board:

Robert T. Deden	President
Dwayne L. Mason	Vice President
Dana Benoit	Assistant Vice President
Sue Darcy	Secretary
Richard L. Rose	Assistant Secretary

and all of the above were present except Director Mason, thus constituting a quorum.

Also present at the meeting were David Patterson of Assessments of the Southwest, Inc. ("ASW"); J.C. Reno and Chip Callegari of TNG Utility Corp. ("TNG"); Stephen Eustis and Oscar Ortiz of Robert W. Baird & Co.; Darrell Hawthorne of Municipal Accounts and Consulting, L.P.; Daniel Lozano of Jacobs Engineering Group Inc. ("Jacobs"); Sherrie Knoepful, Nick Cooke and Phil Martin of Mike Stone Associates, Inc. ("MSA"); Toyin Longe, resident of Harper Woods; Joanne Stein, Kevin Gregory, Jacque Mouracadeh, Bill Walker and Clayton Benedict of Springwoods Realty, Inc. ("SRI"); Martin Murdock with Jones & Carter, Inc. (J&C); Murray Williams and Cody Cormier of Southwestern Energy; Nick Lammayot, Yepi Pelletier and Bill Rogers of ExxonMobil Corporation ("ExxonMobil"); Ronnie Glaze of Harris County Constable, Precinct 4; and Lynne Humphries and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board reviewed the minutes of the September 28, 2016, regular meeting. After review and discussion, Director Rose moved to approve the minutes. Director Benoit seconded the motion, and it carried by unanimous vote.

REPORT ON SECURITY

Captain Glaze reported regarding security patrol for October 2016.

## PUBLIC COMMENT

There was no public comment.

## TAX ASSESSMENT AND COLLECTIONS MATTERS, INCLUDING COLLECTION OF DELINQUENT TAXES

Mr. Patterson reviewed the tax assessor/collector's report. He reported on collection of the 2015 taxes, certified and uncertified values for 2016 and hotel occupancy taxes received to date. Mr. Patterson also presented for the Board's approval a contract engaging Assessments of the Southwest, Inc. to serve as tax assessor collector for Defined Area No. 1. After review and discussion, Director Benoit moved to (1) approve the tax assessor/collector's report; (2) pay the bills presented for payment from the tax account; and (3) engage Assessments of the Southwest, Inc. to serve as tax assessor collector for Defined Area No. 1. Director Darcy seconded the motion, which carried unanimously. A copy of the tax assessor/collector's report is attached.

## PUBLIC HEARING REGARDING DISTRICT'S TAX RATE, ADOPT ORDER LEVYING TAXES AND AUTHORIZE EXECUTION OF AMENDMENT TO INFORMATION FORM

Director Deden opened the public hearing on the District's proposed tax levy.

Mr. Rogers contested the proposed tax rate for 2016, reviewed an analysis and proposed budget, and recommended a debt service rate for 2016 of \$0.47 and an operation and maintenance tax rate for 2016 of \$0.50. A copy of his presentation is attached.

There being no additional comment, Director Deden then closed the hearing.

Director Rose commented regarding his desire to lower the operation and maintenance tax for 2016. Director Darcy commented regarding further analysis for the 2017 tax year, including budget workshops prior to the adoption of the 2017 tax rate, but reiterated her desire to maintain the published rate for 2016. Director Benoit agreed to maintain the published rate for 2016.

Mr. Patterson provided an affidavit of publication verifying that notice of the proposed levy had been published in the Houston Chronicle. The Board considered adoption of an Order Levying Taxes, reflecting a tax rate of \$1.50 per \$100 valuation consisting of (1) \$0.17 per \$100 of assessed valuation in Defined Area No. 1; (2) \$1.33 per \$100 of assessed valuation in the District consisting of \$0.51 for debt service and \$0.82 for operations and maintenance. The Board also reviewed an Amendment to Information reflecting the tax rate. Ms. Humphries noted the form of the Notice to

Purchasers is clear that the tax rate for the property which is not located in Defined Area No. 1 is only \$1.33 per \$100 assessed value, whereas all other property in the District which is also located in Defined Area No. 1 has a total tax rate of \$1.50. Upon a motion made by Director Darcy and seconded by Director Benoit to adopt the Order Levying Taxes and approve the Amendment to Information Form, the Board voted 3 to 1 to approve the motion, with Director Rose opposing the motion.

#### UNLIMITED TAX BONDS SERIES 2016

Mr. Eustis reviewed bids received for the sale of the District's \$38,000,000 Unlimited Tax Bonds, Series 2016, and stated that the low bidder was Bank of America Merrill Lynch - New York, with a net effective interest rate of 3.248711%. Following review and discussion, Director Rose moved that the Board award the sale of the District's \$38,000,000 Unlimited Tax Bonds, Series 2016 to Bank of America Merrill Lynch - New York. Director Darcy seconded the motion, which was passed unanimously.

Ms. Humphries reviewed a Resolution Authorizing the Issuance of the District's \$38,000,000 Unlimited Tax Bonds, Series 2016. She then reviewed the Paying Agent/Registrar Agreement with Amegy Bank.

The Board next considered approving an Official Statement for the District's \$38,000,000 Unlimited Tax Bonds, Series 2016. Mr. Eustis reported that the Preliminary Official Statement previously approved will be updated to reflect pricing information on the Bonds.

The Board next reviewed the Certificate Regarding Provision of Financial Advice confirming that the Board has relied solely upon the advice of Robert W. Baird & Co. concerning the issuance of the Bonds and investments of proceeds of the Bonds.

Ms. Humphries reviewed with the Board of Directors various documents relating to the bond sales and asked the Board to authorize the attorney and the financial advisor to take all necessary steps to deliver the bonds to the purchaser.

Mr. Lozano stated he received the local office of the TCEQ pre-purchase inspection of facilities, noting no deficiencies.

After review and discussion, Director Benoit moved that the Board: (1) adopt a Resolution Authorizing the Issuance of the District's \$38,000,000 Unlimited Tax Bonds, Series 2016; (2) authorize execution of the Paying Agent/Registrar Agreement with Amegy Bank; (3) approve the Official Statement; (4) accept the Certificate Regarding Provision of Financial Advice; and (5) authorize the Board of Directors to sign the bond documents and authorize the attorney and financial advisor to take all necessary steps

to deliver the bonds to the purchaser. Director Darcy seconded the motion, which was approved by unanimous vote.

#### FINANCIAL AND BOOKKEEPING MATTERS

Mr. Hawthorne presented the bookkeeper's report and reviewed the bills presented for payment from the District's accounts, proceeds and construction deposits.

Ms. Humphries discussed the purchase from operating funds of 2 tracts of land previously conveyed to the District and the 5.6021 acre tract to be conveyed to the District at this meeting. Ms. Humphries confirmed that the District has received appraisals from Deal & Sikes for each tract to be purchased from Springwoods Realty, Inc.

Following discussion and review, Director Benoit made a motion to (1) approve the bookkeeper's report; (2) approve payment of the bills presented; and (3) authorize disbursement of funds to Springwoods Realty, Inc. for payment for a total of 8.8165 acres. The motion was seconded by Director Rose and passed unanimously. A copy of the bookkeeper's report and list of checks written is attached.

#### OPERATION OF DISTRICT BILLINGS, REPAIRS AND MAINTENANCE

Mr. Reno reviewed TNG's monthly operations and maintenance report, a copy of which is attached, including an update regarding water accountability, consumption totals, billing and collections, water production, compliance and a summary of operating charges for the month.

The Board next considered a request to refund Woodbine Development Corporation for overpayment of a utility commitment letter fee.

Following review and discussion, Director Benoit moved to (1) approve the operator's report; and (2) issue a refund to Woodbine Development Corporation for overpayment of a utility commitment letter fee. Director Rose seconded the motion, which passed unanimously.

#### TERMINATION OF WATER AND SEWER SERVICE TO DELINQUENT CUSTOMERS

No accounts were presented for termination.

#### CONVEYANCES RELATED TO DISTRICT FACILITIES

The Board next discussed and considered accepting the following conveyances to the District:

1. Agreement to Accept Donation of Real Property (Grand Parkway);
2. Special Warranty Deed for Spring Stuebner Detention Facility;
3. As Built Electrical Easement to CenterPoint Energy for Water Plant No. 1; and
4. Water Vault Easement for Spring Stuebner Water System Interconnect.

Following review and discussion, Director Benoit moved to accept the instruments listed above. Director Darcy seconded the motion, which passed unanimously.

#### DEVELOPER'S REPORT

Mr. Walker reported regarding development in the District.

#### DISTRICT FUNDED TASK ORDERS, ADDITIONAL SERVICE AUTHORIZATIONS, PROPOSALS

The Board considered the following agreements and Ms. Humphries confirmed that disclosure compliance pursuant to House Bill 1295 was received for:

1. Jones & Carter Task Order No. 021-16-019; Construction Management Services for Springwoods Village Parkway Landscape Median Enhancements - Phase I;
2. Jones & Carter Task Order No. 021-16-020; Construction Management Services for Public Safety Repairs on Holzwarth Road;
3. Jacobs Engineering Task Order No. 019-16-015; Design Services for CityPlace Landscape Improvements - Phase II;
4. Clark Condon Associates Task Order No. 012-16-007; Construction Administration Services for Springwoods Village Parkway Landscape Median Enhancements - Phase I; and
5. Berg Oliver Task Order No. 004-16-005; Construction Administration - Field Inspection for Construction Limits for Drainage Corridor 3 - Phase II (Spring Grove Park).

Following review and discussion, Director Darcy moved to approve the above task orders. The motion was seconded by Director Benoit and passed unanimously.

#### DEVELOPER FUNDED TASK ORDERS, ADDITIONAL SERVICE AUTHORIZATIONS AND PROPOSALS

The Board considered the following agreements and Ms. Humphries confirmed that disclosure compliance pursuant to House Bill 1295 was received for:

1. Jacobs Engineering Task Order No. 019-16-016; Design Services for CityPlace Park – Lower Plaza;
2. Jacobs Engineering Task Order No. 019-16-017; Design Services for CityPlace Roadway Improvements – Phase I;
3. Jacobs Engineering Task Order No. 019-16-018; Additional Construction Administration Services for Drainage Corridor 3 – Phase II (Spring Grove Park);
4. Binkley & Barfield Task Order No. 063-16-003; Design Services for CityPlace Park – Lower Plaza;
5. Binkley & Barfield Task Order No. 063-16-004; Design Services for East Mossy Oaks Road – Phase IV;
6. Jones & Carter Task Order No. 021-16-021; Additional Construction Management Services for Drainage Corridor 3 – Phase II (Spring Grove Park);
7. Tolunay Wong Engineers Task Order No. 046-16-018; Additional Construction Materials and Testing Services for Drainage Corridor 3 – Phase II (Spring Grove Park);
8. Clark Condon Associates Task Order No. 012-16-008; Additional Construction Administration Services for Drainage Corridor 3 – Phase II (Spring Grove Park); and
9. Office of James Burnett Task Order No. 043-16-006; Design Services for CityPlace Park – Lower Plaza.

Following review and discussion, Director Benoit moved to approve the above task orders. The motion was seconded by Director Rose and passed unanimously.

### ENGINEERING MATTERS

Mr. Lozano reviewed reports regarding engineering projects in the District. Copies of engineering reports discussed are attached.

Mr. Lozano first discussed the status of design of the following project and requested authorization to advertise for bids for construction of the following:

1. Loop Detector Installation at Lake Plaza Drive; and
2. Springwoods Village Parkway Landscape Median Enhancements – Phase I.

Mr. Lozano next reviewed a proposal for relocation of loop detectors at East Mossy Oaks and recommended the Board award the contract to Third Coast Services, LLC, in the amount of \$3,986.30. After review and discussion, because it would result in the best and most economical completion of the project and based upon the

recommendation of J&C, Director Darcy moved to approve the award of the contract to Third Coast Services, LLC, subject to verification of payment and performance bonds and insurance. Director Benoit seconded the motion which passed unanimously.

Mr. Lozano next reviewed a proposal for waterline wet connections at Baseline C and Union Pacific Railroad Right of Way and recommended the Board award the contract to Reddico Construction Company, Inc, in the amount of \$13,335. After review and discussion, because it would result in the best and most economical completion of the project and based upon the recommendation of J&C, Director Darcy moved to approve the award of the contract to Reddico Construction Company, Inc, subject to verification of payment and performance bonds and insurance. Director Benoit seconded the motion which passed unanimously.

Mr. Lozano next reviewed a proposal for selective underbrush clearing on Springwoods Village Parkway and for City Plaza Phase I and recommended the Board award the contract to Landscape Art, Inc, for an amount not to exceed \$25,000. After review and discussion, because it would result in the best and most economical completion of the project and based upon the recommendation of J&C, Director Darcy moved to approve the award of the contract to Landscape Art, Inc, subject to verification of payment and performance bonds and insurance. Director Benoit seconded the motion which passed unanimously.

Mr. Lozano next reviewed a proposal for public safety repairs on Holzwarth Road and recommended the Board award the contract to Lexton Construction, LLC, in the amount of \$20,700. After review and discussion, because it would result in the best and most economical completion of the project and based upon the recommendation of J&C, Director Darcy moved to approve the award of the contract to Lexton Construction, LLC, subject to verification of payment and performance bonds and insurance. Director Benoit seconded the motion which passed unanimously.

Mr. Lozano next reported the status of the following construction projects and recommended approval of associated pay estimates, change orders, agreements and quantity contract adjustments, as listed below, and confirmed that disclosures pursuant to House Bill 1295 were received for change orders listed below:

1. Waste Water Treatment Plant - Phase II - 0.775 MGD to 1.50 MGD; (Jones & Carter/Pepper Lawson);
  - a. Pay Estimate No. 13;
2. Drainage Corridor 3 - Phase II (Spring Grove Park) (Jones & Carter/LN McKean);
  - a. Pay Estimate No. 5;
  - b. Change Order No. 1 (Gabion Foundations, Sanitary Manhole, Concrete Box Sewer);

- c. Quantity Contract Adjustment No. 2 (Match Field Quantities);
- 3. Lift Station No. 3, Water Main & Utility Extension (Jones & Carter/Clearwater Utilities, Inc.);
  - a. Pay Estimate No. 5;
  - b. Quantity Contract Adjustment No. 2 (Match Field Quantities);
- 4. Spring Stuebner Drainage and Detention Facility - Phase I (Jones & Carter/Reddico);
  - a. Pay Estimate No. 6;
- 5. Spring Stuebner RRCI - Spring Stuebner Road and Holzwarth Road Improvements (Jones & Carter/Lexton Construction);
  - a. Quantity Contract Adjustment No. 2 (Match Field Quantities); and
- 6. CityPlace Landscape Improvements - Phase I (Jacobs/Landscape Art);
  - a. Pay Application No. 1.

Mr. Lozano reported to the Board regarding a previous inquiry received from the homeowner's association for Harper Woods regarding issues associated with the construction by Sullivan Brothers, the developer of Harper Woods, of private utilities and streets to serve that subdivision. Ms. Longe provided additional information on behalf of some homeowners within Harper Woods regarding homeowner concerns regarding rates and permitting and construction of the water, sewer and drainage and road facilities serving Harper Woods. Mr. Lozano noted that the developer constructed these facilities without plan approval from the City of Houston, Harris County or the District, and therefore, the District could not accept these facilities for maintenance because they are not constructed to public standards. Discussion ensued regarding options to sub-meter individual homes and/or irrigation meters, billing options and water conservation issues. Following discussion, the Board concurred to authorize the District engineer to prepare an analysis on the cost differential between the water facilities that were built within Harper Woods and what the costs would have been if the water facilities had been constructed as public facilities and to determine whether a public waterline could be constructed and, if so, what the cost would be.

Following discussion and review and based upon recommendation from the engineers, Director Darcy moved to (1) approve the engineering report from Jacobs; (2) authorize advertisement of the projects listed above; and (3) approve pay estimates, change orders and contract quantity adjustments listed above. Director Benoit seconded the motion which passed unanimously.

#### MANAGEMENT REPORT

Mr. Cooke reviewed a management report from MSA, a copy of which is attached to these minutes, and updated the Board regarding the performance of BrightView Landscapes, LLC.



Mr. Cooke next discussed participating in the Houston-Galveston Area Council's 2017 Pedestrian/Bicycle Study for Special Districts. Following discussion, the Board concurred to decline participation for 2017.

Mr. Benedict, Mr. Cooke and Ms. Pelletier discussed ExxonMobil's Houston Campus America Recycles Day Electronic Truck Event on November 15, 2016.

Ms. Knoepful updated the Board on website traffic and reported an Open Records request received through the website email contact.

Following review and discussion, upon a motion by Director Benoit and a second by Director Darcy, the Board voted unanimously to approve the management report.

#### ATTORNEY'S REPORT

The Board concurred to meet on Wednesday, November 30, 2016 and Wednesday, December 21, 2015 for the 2016 holiday season.

Ms. Humphries next presented a Resolution Adopting a Clarified Reimbursement Priority Policy clarifying the definition of trunk lines included those lines constructed along roads within the District that are included on the City of Houston Major Thoroughfare Plan and connecting to District facilities. Following review and discussion, upon a motion by Director Rose and a second by Director Benoit, the Board voted unanimously to approve a Resolution Adopting a Clarified Reimbursement Priority Policy.

#### EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE

The Board determined it was not necessary to convene in Executive Session pursuant to Section 551.071.

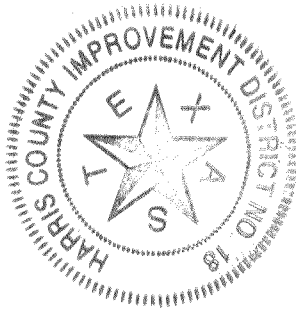
#### EXECUTIVE SESSION PURSUANT TO SECTION 551.076

The Board determined it was not necessary to convene in Executive Session pursuant to Section 551.076.

There being no further business to come before them, the Board concurred to adjourn the meeting.

*Ann Dancy*  
Secretary, Board of Directors

(SEAL)



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