

MINUTES
HARRIS COUNTY IMPROVEMENT DISTRICT NO. 18

January 25, 2017

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 25th day of January, 2017, 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, 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"); Mark McGrath of McGrath & Co, PLLC; Mark Burton of Municipal Accounts and Consulting, L.P.; Daniel Lozano of Halff Associates, Inc. ("Halff"); Phil Martin and Nick Cooke of Mike Stone Associates, Inc. ("MSA"); Bill Walker and Joanne Stein of Springwoods Realty, Inc. ("SRI"); Martin Murdock with Jones & Carter, Inc. (J&C); Nick Lammayot of ExxonMobil Corporation ("ExxonMobil"); Jan Bartholomew of Robert W. Baird & Co. Incorporated; and Lynne Humphries and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

REPORT ON SECURITY

The Board reviewed a security patrol report for January 2017. A copy of the patrol report is attached.

PUBLIC COMMENT

There was no public comment.

SERIES 2017 ROAD BONDS

Ms. Bartholomew discussed a summary of costs for the sale of the District's proposed \$15,000,000 Defined Area No. 1 Unlimited Tax Road Bonds, Series 2017.

Ms. Bartholomew then recommended the Board appoint Amegy Bank as Paying Agent/Registrar for the District's proposed Bonds.

Ms. Bartholomew presented a draft of the Preliminary Official Statement ("POS") for the Board's review.

After review and discussion, Director Mason moved to (1) approve the summary of costs for the Bond Sale; (2) appoint Amegy Bank as Paying Agent/Registrar; (3) approve the POS and the Notice of Sale, subject to final review; and (4) authorize advertisement for sale of the Bonds and authorize application for a rating through Moody's Investor Services, Inc. Director Benoit seconded the motion, which carried unanimously.

CONSENT AGENDA

Director Deden offered Board members the opportunity to remove items from the consent agenda for individual discussion. Director Darcy moved to approve all items on the consent agenda, with the exception of item d. Director Rose seconded the motion, which passed by unanimous vote. Copies of all documents approved as part of the consent agenda are attached.

ITEMS REMOVED FROM CONSENT AGENDA

Mr. McGrath reviewed a developer reimbursement report (the "report") for reimbursement to developer from surplus operating funds for park related facilities constructed as part of City Plaza Drive, Phase I, Springwoods Plaza Drive paving and underground, including CenterPoint Energy facilities. Following review and discussion, Director Darcy moved to approve the report. Director Benoit seconded the motion, which was passed unanimously. A copy of the draft report is attached.

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 2016 taxes and hotel occupancy taxes received to date and estimated values for the District and Defined Area No. 1 as of November 1, 2016. After review and discussion, Director Darcy moved to (1) approve the tax assessor/collector's report; and (2) pay the bills presented for payment from the tax account. Director Rose seconded the motion, which carried unanimously. A copy of the tax assessor/collector's report is attached.

FINANCIAL AND BOOKKEEPING MATTERS

Mr. Burton presented the bookkeeper's report and reviewed the bills presented for payment from the District's accounts, proceeds and construction deposits. The Board discussed scheduling a budget workshop on March 27, 2017 at 2:00 p.m., and asked Ms. Miller to confirm all Directors can attend.

Following discussion and review, Director Benoit made a motion to (1) approve the bookkeeper's report; and (2) approve payment of the bills presented. 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, lead and copper sampling, and a summary of operating charges for the month. Mr. Reno also reviewed copper sampling summaries and said levels measured at the wastewater treatment plant are still above normal. He also discussed the expense associated with decommissioning of the retired wastewater treatment package plant and said the package plant is now ready to be sold and moved offsite.

Mr. Reno next requested that the Board authorize Director Deden to sign an easement from the District to CenterPoint Energy for a gas easement for the service line leaving lift station no. 1 and an easement from the District to CenterPoint Energy for electric service to lift station no. 3.

Ms. Humphries updated the Board regarding a meeting with David Hall of Sullivan Brothers Builders ("Sullivan Brothers") regarding Sullivan Brothers' request that the District accept for operation and maintenance the private water and wastewater facilities within Harper Woods which were not constructed by Sullivan Brothers per City of Houston and Harris County standards. She said that she reiterated to Mr. Hall that the District is unwilling to read and invoice private meters and requires a feasibility report at Sullivan Brothers' expense regarding the cost to bring these private facilities up to public utility standards before any further discussion with the Board.

Following review and discussion, Director Darcy moved to (1) approve the operator's report; and (2) authorize Director Deden to sign an easement from the District to CenterPoint Energy for a gas service line at lift station no. 1. Director Benoit seconded the motion, which passed unanimously.

TERMINATION OF WATER AND SEWER SERVICE TO DELINQUENT CUSTOMERS

No accounts were presented for termination.

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.021-17-007; Construction Management Services for Nature Preserve Trails - Phase I;
2. Jones & Carter Task Order No. 021-17-008; Additional Construction Management Services for Tree Farm Transplanting;
3. Tolunay Wong Engineers Task Order No. 046-17-005; Materials Testing for Nature Preserve Trails - Phase I;
4. Clark Condon Association Task Order No. 012-17-002; Construction Administration for Nature Preserve Trails - Phase I;
5. C. L. Davis Task Order No. 008-17-003; Construction Staking for Nature Preserve Trails - Phase I;
6. LN McKean Task Order No. 022-17-003; CityPlace Park (Lower Plaza) clearing and grubbing;
7. LN McKean Task Order No. 022-17-004; Lake Plaza Drive storm pipe installation extension;
8. Halff Associates Task Order No. 064-17-002; Design Services for park connection at Springwoods Village Parkway and Blue Heron Run Drive;
9. Office of James Burnett Task Order No. 043-17-003; General Landscaping Consulting Services for 2017;
10. The Broadband Group Task Order No. 041-17-001; for technology planning; and
11. Berg Oliver Task Order No. 004-17-001; Phase I Environmental Site Assessment for CityPlace Park (Lower Plaza).

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

ENGINEERING MATTERS

Mr. Lozano reviewed a report regarding engineering projects in the District. A copy of the engineering report is attached.

Mr. Lozano presented reviewed bids for Nature Preserve Trails, Phase I and recommended the Board award the contract to Landscape Art, Inc., in the amount of \$170,305.50. 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 Benoit moved to approve the award of the contract to Landscape Art, Inc., subject to verification of payment and performance bonds and insurance. Director Rose seconded the motion which passed unanimously.

Mr. Lozano next discussed bids for MP Technologies Public Safety Improvements East Mossy Oaks Road and recommended the Board award the contract to MP Technologies, in the amount of \$19,936. 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 Benoit moved to approve the award of the contract to the lowest qualified bidder, MP Technologies, subject to verification of payment and performance bonds and insurance. Director Rose seconded the motion which passed unanimously.

Mr. Lozano then reviewed bids for Public Safety Improvements Energy Drive and recommended the Board award the contract to MP Technologies, in the amount of \$21,225. 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 Benoit moved to approve the award of the contract to the lowest qualified bidder, MP Technologies, subject to verification of payment and performance bonds and insurance. Director Rose seconded the motion which passed unanimously.

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

1. Drainage Corridor 3 - Phase II (Spring Grove Park) (Jones & Carter/LN McKean); Pay Estimate No. 8; Change Order No. 3 (Trench Drains for Pedestrian Bridge);
2. Waste Water Treatment Plant - Phase II - 0.775 MGD to 1.50 MGD; (Jones & Carter/Pepper Lawson); Pay Estimate No. 16; and
3. CityPlace Landscape Improvements - Phase I (Jacobs/Landscape Art); Pay Estimate No. 4.

Mr. Lozano also requested authorization to make application for renewal of the following storm water quality permits:

1. Storm Water Quality Permit No. 8-0002174-4; Springwoods Corridor 3 - Phase 1; 2000 Springwoods Village Parkway; and
2. Storm Water Quality Permit No. 8-0002438-4; West Pond Detention.

Mr. Lozano reviewed the updated Emergency Preparedness Plan ("EPP"), confirmed that the update was filed with the Texas Commission on Environmental Quality and provided a copy to ABHR for filing with other local and state agencies.

Mr. Lozano reported regarding a meeting with Director Mason, the District's wastewater design engineer, TNG and representatives of ExxonMobil to discuss internal ExxonMobil water and wastewater facilities and their internal water and wastewater operational processes and procedures, including sampling methodologies. He said that many of these internal facilities are copper, but said ExxonMobil has agreed to work with the District to establish and coordinate the same sampling procedures the District uses as TNG tries to locate the source of the high copper levels. Discussion ensued regarding District sampling in February, 2017 and the Board concurred to direct TNG to sample from both District water wells in addition to the system.

Following discussion and review and based upon recommendation from the District engineer and J&C, Director Benoit moved to (1) approve the engineering report from Half; (2) approve pay estimates and change order listed above; (3) authorize Half to submit applications for renewal of the storm water quality permits listed above; and (4) approve the revised EPP, authorize the District engineer to file the revised EPP with the TCEQ and authorize ABHR to file the revised EPP with other local and state agencies. Director Rose seconded the motion which passed unanimously.

MANAGEMENT REPORT

Mr. Cooke reviewed a management report from MSA, a copy of which is attached, and updated the Board regarding the performance of BrightView Landscapes, LLC ("BrightView") and request for contract increases requested by BrightView.

Mr. Cooke discussed District landscape maintenance, including pending updates to landscaping area maps, and then recommended the Board approve a proposal from Shooter & Lindsey in the amount of \$7,925 for installation of an irrigation/swale drain on Holzwarth Road. He also reported repair and clean up following a recent tornado in the District and said MSA is tracking expenses and will submit an insurance claim, if necessary.

Mr. Cooke next requested authorization to relocate the District Acton Mobile construction trailer to the wastewater treatment plant and add an additional unit and presented contracts from Acton Mobile for a one time delivery and set up cost and monthly rental for two units.

Following review and discussion, upon a motion by Director Darcy and a second by Director Mason, the Board voted unanimously to (1) Board approve a proposal from Shooter & Lindsey in the amount of \$7,925 for installation of an irrigation/swale drain on Holzwarth Road; and (2) approve contracts with Acton Mobile for relocation of a construction trailer to the wastewater treatment plant, for set up and delivery of an additional unit and for monthly lease of 2 units, subject to final review of the contract by ABHR.

EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE

At 12:55 p.m. the Board, convened in Executive Session, along with representatives from ABHR, to conduct a private consultation with the District's attorney to discuss the status of the Hassell Construction matter. Director Rose left the meeting before and was not present during the Executive Session.

RECONVENE IN OPEN SESSION

At 1:09 p.m. the Board reconvened in open session.

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



Aue Darcy
Secretary, Board of Directors

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