

MINUTES  
HARRIS COUNTY IMPROVEMENT DISTRICT NO. 18

May 24, 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 24<sup>th</sup> day of May, 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 except Director Benoit, thus constituting a quorum.

Also present at the meeting were David Patterson of Assessments of the Southwest, Inc. ("ASW"); Captain Ronnie Glaze of the Harris County Constable, Precinct 4; J.C. Reno of TNG Utility Corp. ("TNG"); 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"); Clayton Benedict of Springwoods Realty, Inc. ("SRI"); Martin Murdock with Jones & Carter, Inc. (J&C); Bill Rogers, Lauro Porto and Nick Lammayot of ExxonMobil Corporation ("ExxonMobil"); and Lynne Humphries and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

REPORT ON SECURITY

The Board received and reviewed a security patrol report for May, 2017 and Captain Glaze reported regarding patrol in the District. A copy of the patrol report is attached.

PUBLIC COMMENT

Mr. Rogers introduced Mr. Porto to the Board and stated he will attend future District meetings on behalf of ExxonMobil.

Ms. Miller provided the Board with written correspondence received by first class mail and email during the month of May, 2017.

## CONSENT AGENDA

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

## ITEMS REMOVED FROM CONSENT AGENDA

Discussion ensued regarding amending the District Rate Order to increase the base wastewater fee by from \$42.30 to \$42.62 to (1) include the 2017 garbage carrier consumer pricing index ("CPI") increase; (2) revise Exhibit D to include an address where payment of Utility Commitment Letter Fees should be sent; and (3) revise Exhibit G to amend regulation no. 5 (with regard to use of drones) to include an exception as permitted by law.

## 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, preliminary taxable values for 2017 and hotel occupancy taxes received to date. After review and discussion, Director Rose moved to (1) approve the tax assessor/collector's report; and (2) pay the bills presented for payment from the tax account. Director Mason seconded the motion, which carried unanimously. A copy of the tax assessor/collector's report is attached.

## ITEMS REMOVED FROM CONSENT AGENDA (CONTINUED)

Discussion continued regarding amendment of the District Rate Order and Ms. Humphries confirmed that the proposed CPI increase is applicable only to single family residential collection and the corresponding proposed increase in the District Rate Order is limited to single family connections customers. Following review and discussion, Director Mason moved to approve amendment of the District Rate Order, as discussed. The motion was seconded by Director Darcy and passed unanimously.

## 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.

Ms. Humphries discussed purchase of a 0.6004 acre tract of land from surplus operating funds in the amount of \$114,558.90. Mr. Burton confirmed the purchase is in line with the amended budget.

Following discussion and review, Director Darcy made a motion to (1) approve the bookkeeper's report; (2) approve payment of the bills presented; (3) approve purchase of a 0.6004 acre tract of land from surplus operating funds in the amount of \$114,558.90 and acknowledge receipt of a Special Warranty Deed conveying the tract to the District. 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 schedules and permitting and a summary of operating charges for the month.

Mr. Reno reported regarding ongoing copper sampling, operating adjustments to improve copper residuals and upcoming sampling for renewal of the District's Water Quality permit.

Mr. Reno discussed investigation of a scaling issue at the District's water plant on April 3, 2017 and said TNG adjusted the scaling to provide proper alert of low water levels in the storage tanks. Director Mason requested additional detail on the investigation and resolution.

Following review and discussion, Director Mason moved to approve the operator's report. Director Darcy seconded the motion, which passed unanimously.

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

No accounts were presented for termination.

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

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

1. Berg Oliver Task Order 004-17-002; for general administrative services for 2017;

2. Jones & Carter Task Order No. 021-17-022; construction management for CityPlace Park Enhancement;
3. Jones & Carter Task Order No. 021-17-023; construction management for Springwoods Village Parkway Median Enhancements – Phase II;
4. Office of James Burnett Task Order No. 043-17-007; Design services for CityPlace Park (Lower Plaza);
5. Office of James Burnett Task Order No. 043-17-008; construction administration for CityPlace Park Enhancement; and
6. Clark Condon Associates Task Order No. 012-17-005; construction administration for Springwoods Village Parkway Median Enhancements – Phase II.

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

#### DEVELOPER FUNDED SERVE AGREEMENTS, CONTRACTS AND PROPOSALS AND TASK ORDERS

Ms. Humphries said the consultants were not ready to move forward on Kimley-Horn Task Order No. 062-17-002; Landscape plans for Spring Stuebner RRC I Spring Stuebner & Holzwarth Road Public Landscape Improvements.

#### DEVELOPER'S REPORT

Mr. Benedict reported regarding development in the District. Director Mason requested information regarding including a development press release on the District website to discuss job markets within the District.

#### ENGINEERING MATTERS

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

Mr. Lozano reviewed bids for Pedestrian Trails along East Mossy Oaks, Phase I and, based upon the recommendation of J&C, recommended the Board award the contract to Shooter and Lindsey, Inc., in the amount of \$49,759.

Mr. Lozano reviewed bids for Pedestrian Trails along East Mossy Oaks, Phase II and, based upon the recommendation of J&C, recommended the Board award the contract to Shooter and Lindsey, Inc., in the amount of \$57,075.

Mr. Lozano reviewed bids for Pedestrian Trails along East Mossy Oaks, Phase III and, based upon the recommendation of J&C, recommended the Board award the contract to Shooter and Lindsey, Inc., in the amount of \$30,709.

Mr. Lozano reviewed bids for CityPlace Park Enhancement and, based upon the recommendation of J&C, recommended the Board award the contract to MoBill Contractors, Inc., in the amount of \$154,998.40.

Mr. Lozano reviewed bids for Springwoods Village Parkway Median Enhancements and, based upon the recommendation of J&C, recommended the Board award the contract to Earth First Landscapes, LLC, in the amount of \$244,335.50.

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. Waste Water Treatment Plant - Phase II - 0.775 MGD to 1.50 MGD; (Jones & Carter/Pepper Lawson);
  - a. Pay Estimate No. 20;
2. CityPlace Landscape Improvements - Phase I (Jacobs/Landscape Art);
  - a. Pay Estimate No. 8;
  - b. Quantity Contract Adjustment No. 3 (Match Field Quantities);
3. CityPlace Roadways - Phase I (Jones & Carter/James Construction Group);
  - a. Pay Estimate No. 1;
  - b. Change Order No. 1 (Fire Hydrant Lead Modifications);
4. Spring Stuebner Drainage and Detention Facility - Phase I (Jones & Carter/Reddico);
  - a. Pay Estimate No. 11 & FINAL;
5. Spring Stuebner RRC 1 - Spring Stuebner Road & Holzwarth Road Public Landscape Improvements (Jones & Carter/Texas Wall & Landscape);
  - a. Pay Estimate No. 1;
6. Tree Farm Replanting 2017 (Jones & Carter/Environmental Designs);
  - a. Pay Estimate No. 2;
7. Springwoods Village Parkway Median Enhancements - Phase IA (Jones & Carter/Shooter & Lindsey);
  - a. Pay Estimate No. 3 and FINAL;
8. Springwoods Village Parkway Median Enhancements - Phase IB (Jones & Carter/Shooter & Lindsey)
  - a. Pay Estimate No. 3 & FINAL;
  - b. Quantity Contract Adjustment No. 2 (April Adjustments);

9. Pond 8 Jurisdictional Water Stabilization & Underbrushing (Jones & Carter/LN McKean)
  - a. Pay Estimate No. 2 & FINAL;
10. Pedestrian Trails from East Mossy Oaks Road to Grand Parkway along Holzwarth Road (Jones & Carter/Shooter & Lindsey)
  - a. Pay Estimate 3 & FINAL; and
11. Sign Type "K" Installation (Jones & Carter/Ad Display Systems, Inc.)
  - a. Pay Estimate No. 2 and FINAL.

Mr. Lozano provided an update regarding the status of consolidating all District storm water quality permits into 1 master permit.

Mr. Lozano discussed plans for final inspection of Springwoods Village Parkway, Phase III and Lake Plaza Drive and recommended that the Board approve execution of a Directive for Financial Assurance for Harris County acceptance of these roadways.

Mr. Lozano next discussed water and wastewater capacity requested by USODP Energy Drive LLC, c/o Patrinely Group, LLC, to serve Proposed HP Plaza Office Buildings 1 and 2 and an associated parking garage. Ms. Humphries reviewed a letter of commitment for a total of 107 equivalent single family connections (ESFCs), or 38,240 gallons per day ("GPD"), of sewage treatment plant capacity and water plant capacity, with 71 ESFCs (25,410 GPD) allocated to Office Building 1, 36 ESFCs (12,830 GPD) allocated to Office Building 2 and no ESFCs or GPD allocated to the parking garage.

Mr. Lozano discussed meetings with operational and engineering representatives of ExxonMobil regarding their onsite non-potable well. He stated there are no cross connection problems identified at this time.

Mr. Lozano also reported regarding the successful relocation of the trail previously abutting homeowner lots behind Audubon Grove.

Following discussion and review, and based upon recommendation from the District engineer and J&C, Director Rose moved to (1) approve the engineering report from Half; (2) award a contract construction of the Pedestrian Trails along East Mossy Oaks, Phase I to Shooter & Lindsey, Inc., as presented, subject to verification of payment and performance bonds and insurance and based upon the recommendation of J&C; (3) award a contract construction of the Pedestrian Trails along East Mossy Oaks, Phase II to Shooter & Lindsey, Inc., as presented, subject to verification of payment and performance bonds and insurance and based upon the recommendation of J&C; (4) award a contract construction of the Pedestrian Trails along East Mossy Oaks, Phase III to Shooter & Lindsey, Inc., as presented, subject to verification of payment and performance bonds and insurance and based upon the recommendation of J&C; (5)

award a contract construction of CityPlace Park Enhancement to MoBill Contractors, Inc., as presented, subject to verification of payment and performance bonds and insurance and based upon the recommendation of J&C; (6) award a contract construction of Springwoods Village Parkway Median Enhancements, as presented, to Earth First Landscapes, LLC, subject to verification of payment and performance bonds and insurance and based upon the recommendation of J&C; (7) approve pay estimates, quantity adjustments and change order listed above; (8) authorize execution of a Directive for Financial Assurance for Harris County acceptance of Springwoods Village Parkway, Phase III and Lake Plaza Drive into the Harris County maintenance program; and (9) approve a commitment of water and wastewater capacity to USODP Energy Drive LLC, as discussed. Director Mason seconded the motion which passed unanimously with regard to all items except the commitment of water and wastewater capacity to USODP Energy Drive LLC, which passed by a vote of 3 to 0, with Director Darcy abstaining from voting.

#### MANAGEMENT REPORT

Mr. Cooke reviewed a management report from MSA, a copy of which is attached, updated the Board regarding monitoring of repair of contractor damage to the sidewalk in front of CVS Pharmacy, including backcharges to CVS Pharmacy for damage to irrigation and replacement of trees, and additional charges to HP for rerouting an irrigation mainline and relocation of fire hydrants and light poles.

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

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

At 1:00 p.m. the Board, convened in Executive Session, along with representatives from ABHR, to conduct a private consultation with the District's attorney. Mr. Cooke was also present during executive session.

#### RECONVENE IN OPEN SESSION

At 1:05 p.m. the Board reconvened in open session. Director Mason moved to accept an offer from Brightview Landscapes, LLC f/k/a Valleycrest Companies f/k/a The Brickman Group, Ltd. LLC, as discussed in executive session. Director Darcy seconded the motion, which passed unanimously.

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

*Lee Dwyer*  
Secretary, Board of Directors





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