

MINUTES
HARRIS COUNTY IMPROVEMENT DISTRICT NO. 18

September 27, 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 27th day of September, 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 Jan Bartholomew of Robert W. Baird & Co. Incorporated; Bobby Skinner of Taylor Morrison of Texas, Inc.; Joe Agrella and Loretta Malander, District residents; David Patterson of Assessments of the Southwest, Inc. ("ASW"); J.C. Reno of TNG Utility Corp. ("TNG"); Mark Burton of Municipal Accounts and Consulting, L.P.; Daniel Lozano of Halff Associates, Inc. ("Halff"); Nick Cooke of Mike Stone Associates, Inc. ("MSA"); Captain Ronnie Glaze of Harris County Constable, Precinct 1; Joanne Willenbacher, Kevin Gregory, Bill Walker, and Warren Wilson of Springwoods Realty, Inc. ("SRI"); Mark Cochran with Cochran & Company; Martin Murdock with Jones & Carter, Inc. (J&C); Jennifer Eissenman with Lexton Construction; Nick Lammayot, Eldon Andrus and Chris Barker of ExxonMobil Corporation ("ExxonMobil"); and Lynne Humphries and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

REPORT ON SECURITY

Captain Glaze discussed patrol during August, 2017. A copy of the patrol report is attached.

PUBLIC COMMENT

Ms. Malander requested an update regarding restoration of washout areas on the Nature Preserve Trail.

Mr. Agrella commented regarding community cooperation following Hurricane Harvey (the "Storm"), he thanked Mr. Cooke for being available during and after the storm and thanked the District for facilitating heavy debris removal. He said the Audubon Grove Homeowner's Association hired additional security after the storm out of concern regarding nonresident traffic in Audubon Grove following the Storm and low visibility of the District's contract patrol officers. He said Audubon Grove residents are interested in making the streets in Audubon Grove private and closed to traffic. He requested the Board consider adopting a resolution in the future to expedite debris removal and allow additional security after an emergency event or natural disaster. Mr. Agrella discussed homes in Audubon Grove with flood damage and discussed drainage issues in Audubon Grove. Mr. Agrella also requested that the District address washout areas on the Nature Preserve Trail and reiterated his prior request that the Board appoint non-voting directors.

HURRICANE HARVEY RELATED MATTERS

Mr. Cooke provided an update regarding emergency operations before, during and after the Storm and reported the status of filing for insurance claims and for reimbursement through the Federal Emergency Management Agency ("FEMA"). Mr. Cooke reported that storm water repairs are underway and said repair of washout areas on the Nature Preserve Trail was delayed due to contractor issues with the residents in Audubon Grove following the storm. Following review and discussion, Director Mason moved to authorize District consultants to act and complete any paperwork necessary to repair storm related damages, file insurance claims resulting from the storm and to file for reimbursement or assistance with any governmental agency providing storm relief. The motion was seconded by Director Darcy and passed 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. Director Rose seconded the motion, which passed unanimously. Copies of all documents approved as part of the consent agenda are attached.

ITEMS REMOVED FROM CONSENT AGENDA

There was no discussion for this agenda item.

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, certified values to date for 2016, certified values to date for 2017, delinquent taxes 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.

2017 TAX RATE

Ms. Bartholomew first reviewed the 2017 tax rate recommendation from Robert W. Baird & Co. for Defined Area No. 1, a copy of which is attached. She recommended the Board adopt an increased debt service tax rate for 2017 of \$0.365 per \$100 of assessed valuation.

Ms. Bartholomew stated the tax rate for Exxon Mobil, who is the only District taxpayer excluded from the Defined Area, is being reduced by \$0.21, which results in a savings of \$2,377,456 based on their 2017 taxable value or a 15.79% reduction.

Ms. Bartholomew then reviewed the 2017 tax rate recommendation from Robert W. Baird & Co. for the District, a copy of which is attached. She recommended the Board adopt a debt service tax rate for 2017 of \$0.48 and a reduced maintenance and operation tax rate of \$0.64 per \$100 of assessed valuation. She said this was a 5.60% reduction in the tax bill to the average residential taxpayer.

Director Rose requested that the Board consider further reducing the overall tax rate, funding more projects with bonds without comprising or interrupting any projects currently planned or in progress. Discussion ensued regarding options for funding current and future development and Directors Mason and Darcy stated they were in favor of continuing to fund projects from available operating funds due to substantial savings in financing costs.

After review and discussion, Director Mason moved to approve publication of notice of a public hearing to adopt a maximum tax rate of: (1) \$0.365 per \$100 of assessed valuation in Defined Area No. 1; (2) \$1.12 per \$100 of assessed valuation in the District; and (3) authorize the tax assessor/collector to publish notice of the public hearing regarding adoption of a maximum tax rate of \$1.485 per \$100 of assessed valuation to be held at the October 25, 2017, Board meeting and post notice on the District website. Director Darcy seconded the motion, which passed by a vote of 3 to 1, with Director Rose opposing the motion.

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.

Following discussion and review, Director Rose made a motion to (1) approve the bookkeeper's report; and (2) approve payment of the bills presented. The motion was seconded by Director Mason 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, facility repairs in progress and permitting, storm preparation and reviewed a summary of operating charges for the month.

Mr. Reno reported two excursions at the wastewater treatment plant during the Storm due to inflow and infiltration, but said there was no damage at the water plant or wastewater treatment plant. He reported high water damage to the electrical system at lift station 2 and said there are starters and breakers that need to be replaced, but said the lift station is operational. Mr. Reno said TNG will prepare a repair estimate and submit a claim to the District's insurance carrier and for FEMA reimbursement.

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

TERMINATION OF WATER AND SEWER SERVICE TO DELINQUENT CUSTOMERS

No accounts were presented for termination.

CONVEYANCES RELATING TO DISTRICT FACILITIES

There was no discussion on this agenda item.

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. The Broadband Group Task Order No. 041-17-002; for Telecommunication Infrastructure;

2. Jones & Carter Task Order No. 021-17-031; Bidding services for CityPlace Landscape Improvements - Phase II; and
3. Jones & Carter Task Order No. 021-17-032; Bidding services for CityPlace Park (Lower Plaza).

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

DEVELOPER'S REPORT

Mr. Walker stated he did not have a report this month.

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, Holzwarth Road Squareabout and, based upon the recommendation of J&C, recommended the Board award the contract to LN McKean, in the amount of \$59,820. The Board concurred that, in its judgment, LN McKean was a responsible bidder who would be most advantageous to the District and would result in the best and most economical completion of the project.

Mr. Lozano reviewed bids for Pedestrian Trails, CityPlace Park Pond 8 Extension and, based upon the recommendation of J&C, recommended the Board award the contract to Shooter & Lindsey, in the amount of \$53,372. The Board concurred that, in its judgment, Shooter & Lindsey was a responsible bidder who would be most advantageous to the District and would result in the best and most economical completion of the project.

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. CityPlace Roadways - Phase I (Jones & Carter/James Construction Group);
 - a. Pay Estimate No. 5;
 - b. Quantity Contract Adjustment No. 4 (Match Field Quantities);
2. Spring Stuebner RRC I - Spring Stuebner Road & Holzwarth Road Public Landscape Improvements (Jones & Carter/Texas Wall & Landscape);
 - a. Pay Estimate No. 5;

- b. Change Order No. 3 (Community Sign, Paver Crosswalk, Blackstar Granite) increasing the contract amount by \$13,249.06;
- 3. East Mossy Oaks Road - Phase IV (Jones & Carter/Triple B);
 - a. Pay Estimate No. 4;
- 4. Springwoods Village Parkway Median Enhancements - Phase II (Jones & Carter/Earth First Landscape);
 - a. Pay Estimate No. 2;
- 5. Spring Grove Park Enhancements (Jones & Carter/ECB Development);
 - a. Pay Estimate No. 2
- 6. CityPlace Park Enhancement (Jones & Carter/MoBill Contractors);
 - a. Pay Estimate No. 1;
 - b. Change Order No. 1 (Concrete Piers) increasing the contract amount by \$2,800;
- 7. Nature Preserve Playground (Jones & Carter/Brightview Landscape);
 - a. Pay Estimate No. 2;
- 8. Drainage Corridor 3 - Phase 2 (Spring Grove Park) (Jones & Carter/LN McKean);
 - a. Pay Estimate 12 & Final;
 - b. Quantity Contract Adjustment No. 5 (Match Field Quantities).

The Board determined that the change orders presented above are beneficial to the District.

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 Halff; (2) award a contract construction of Pedestrian Trails, Holzwarth Road Squareabout, to LN McKean, based upon the recommendation of J&C and subject to verification of payment and performance bonds and insurance; (3) award a contract construction of Pedestrian Trails, CityPlace Park Pond 8 Extension, to Shooter & Lindsey, based upon the recommendation of J&C and subject to verification of payment and performance bonds and insurance; (4) approve pay estimates and quantity adjustments listed above; and (5) approve the Change Orders listed and as discussed above, based upon the Board's finding that the Change Order is beneficial to the District and the engineer's recommendation. Director Mason seconded the motion which passed unanimously.

MANAGEMENT REPORT

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

EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE

The Board determined it was not necessary to convene in executive 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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