

MINUTES
HARRIS COUNTY IMPROVEMENT DISTRICT NO. 18

June 27, 2018

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 June, 2018, 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 Captain Ronnie Glaze of Harris County Constable, Precinct 4; Jan Bartholomew and Stephen Eustis of Robert W. Baird & Co. Incorporated; Joe Agrella, District resident; David Patterson of Assessments of the Southwest, Inc. ("ASW"); J.C. Reno and Phillip Dautrich of TNG Utility Corp. ("TNG"); Martin Murdock of Jones & Carter, Inc.; Mark Burton of Municipal Accounts and Consulting, L.P.; Daniel Lozano of Halff Associates, Inc. ("Halff"); Nick Cooke and Jacob Bilbo of Mike Stone Associates, Inc. ("MSA"); Joanne Willenbacher, Warren Wilson, Clayton Benedict and Bill Walker of Springwoods Realty, Inc. ("SRI"); and Lynne Humphries and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

REPORT ON SECURITY

Captain Glaze updated the Board regarding District patrol and current security issues.

ENGINEERING MATTERS

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

Mr. Lozano first discussed the status of design of the Nature Preserve Extension Trail and requested authorization to advertise for bids for construction.

Mr. Lozano reviewed bids for construction of Pedestrian Trails - Nature Preserve Extension and, based upon the recommendation of J&C, recommended the Board award the contract to Teamwork Construction Services, Inc. ("Teamwork") in the amount of \$104,403.75. The Board concurred that, in its judgment, Teamwork 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 listed below:

1. CityPlace Landscape Improvements - Phase II (Jones & Carter/Shooter & Lindsey);
 - a. Pay Estimate No. 5;
2. CityPlace Park (Lower Plaza) (Jones & Carter/Texas Wall & Landscape);
 - a. Pay Estimate No. 3;
 - b. Change Order No. 2 (Ipe Deck Foundation) as an increase to the District's contract with Texas Wall & Landscape in the amount of \$50,000;
 - c. Quantity Contract Adjustment No. 2 (Match Field Quantities);
3. Median Lighting Extensions (Jones & Carter/McDonald Municipal & Industrial);
 - a. Pay Estimate No. 3; and
4. Electrical Service on City Plaza Drive (Jones & Carter/MP Technologies);
 - a. Pay Estimate No. 1 & Final.

The Board determined that the change order presented above is beneficial to the District.

Mr. Lozano also recommended that the Board approve a commitment of water and sewer capacity to Spring Stuebner RRC I, Inc. to serve a Regions Bank, subject to receipt of the \$2,500 utility commitment letter pursuant to the District's Rate Order.

Following discussion and review, and based upon recommendation from the District engineer and J&C, Director Darcy moved to (1) approve the engineering report from Halff; (2) award a contract for Pedestrian Trails - Nature Preserve Extension, upon the recommendation of J&C, to Teamwork in the amount of \$104,403.75, subject to approval of payment and performance bonds and review of the certificate of insurance and endorsements, if any, provided by the contractor; (3) approve pay estimates, based upon the engineer's recommendation; (4) approve the Change Order 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; and (5) approve a commitment of water/sewer capacity to Spring Stuebner RRC I, Inc. to serve a Regions Bank, as discussed. Director Rose seconded the motion which passed unanimously.

PUBLIC COMMENT

Mr. Agrella commented regarding removal of construction fencing in the Nature Preserve Playground. He also requested that the Board consider holding periodic meetings in the District, reducing tax rates later this year and appointing a resident to serve on the Board of Directors.

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 needed 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 2017 taxes, certified values to date for 2017, certified values to date for 2017, delinquent taxes and hotel occupancy taxes received to date and appraisal. 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.

Mr. Patterson first discussed notice received from the Tax Allocation Section, Revenue Accounting Division, of the Texas State Comptroller of Public Accounts (the "Comptroller") that a credit adjustment was issued to a sales taxpayer in the District in the amount of \$498,725.49 following an audit for taxes paid in error on nontaxable items and services. He said the District's sales tax allocation for June, 2018 was adjusted to \$0.0 and the July, 2018 allocation will be affected also, per the Comptroller, but that decreased amount has not yet been provided to the District.

Mr. Patterson next discussed the impact of recently settled tax suits for 2017 and refunds that the District is required to issue to commercial customers taxpayers. He noted that these types of unanticipated refunds are typical of a District with a heavy commercial property tax base with taxpayers who routinely protest and successfully litigate taxable values, often resulting in large adjustments and subsequent, significant

refunds. Discussion ensued regarding the necessity of maintaining sufficient reserve balances in the tax account to be able to refund taxpayers who might be entitled to refunds due to pending litigation, if applicable, and due to the volatility of heavy commercial property values.

Following discussion, the Board concurred to request additional information from the tax assessor collector regarding the range of potential impact on the District's taxable value due to property value protests for budgeting purposes.

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.

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 and reviewed a summary of operating charges for the month. Following review and discussion, Director Mason moved to approve the operator's report. Director Rose 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. tree-farm lease assignment and amendment;
2. DCS Engineering Task Order No.051-18-003; for Water System and Facilities Plan;
3. Halff Associates Task Order No. 064-18-011; Additional Construction Administration Services for CityPlace Park Bridges;

4. Halff Associates Task Order No. 064-18-012; Additional Construction Administration Services for CityPlace Landscape Improvements - Phase II;
5. Jones & Carter Task Order No. 021-18-016; Construction Management Services for Pedestrian Trails - Nature Preserve Extension;
6. Jones & Carter Task Order No. 021-18-017; Additional Construction Management Services for CityPlace Roadways - Phase I;
7. Jones & Carter Task Order No. 021-18-018; Additional Construction Management Services for CityPlace Landscape Improvements - Phase II;
8. Jones & Carter Task Order No. 021-18-019; Additional Construction Management Services for Median Lighting Extensions; and
9. Tolunay Wong Engineers Task Order No. 046-18-010; Construction Materials Testing Services for Pedestrian Trails - Nature Preserve Extension.

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

The Board took no action on the following task orders:

1. C.L. Davis Task Order No. 008-18-013; Construction Staking Services for Pedestrian Trails - Nature Preserve Extension; and
2. Clark Condon Associates Task Order No. 012-18-002; Construction Administration Services for Pedestrian Trails - Nature Preserve Extension.

DEEDS AND EASEMENTS

The Board next considered approving the following conveyances:

1. Agreement for Relocation of Trail Facilities;
2. Temporary Drainage Easement (Crossington Way); and
3. Easement Agreement with CityPlace Owner's Association for outdoor lighting fixtures.

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

MANAGEMENT REPORT

Mr. Cooke reviewed a management report from MSA, and updated the Board regarding the District's pending application for reimbursement filed with the Federal

Emergency Management Agency. Following review and discussion, upon a motion by Director Darcy 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

Director Rose left the meeting before, and was not present, during Executive Session.

At 12:32 p.m. the remaining Board members, along with ABHR, convened in Executive Session, to conduct a private consultation with the District's attorney to discuss the status of the Hassell Construction matter.

RECONVENE IN OPEN SESSION

At 12:41 p.m. the Board reconvened in open session. Director Mason moved to approve a settlement agreement, as discussed in executive session, and authorize the District bookkeeper to disburse settlement funds when the proposed settlement agreement has been fully executed and distributed among the parties. Director Darcy seconded the motion, which passed by a vote of 3 to 0, with Director Rose being absent during, and abstaining from, the vote.

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




Secretary, Board of Directors

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