

MINUTES
HARRIS COUNTY IMPROVEMENT DISTRICT NO. 18

September 26, 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 26th day of September, 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 Jan Bartholomew and Stephen Eustis of Robert W. Baird & Co. Incorporated; Joe Agrella and Caryn Haley, District residents; David Patterson of Assessments of the Southwest, Inc. ("ASW"); Eldon Andrus of ExxonMobil Corporation ("ExxonMobil"); 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 and Jacob Bilbo of Mike Stone Associates, Inc. ("MSA"); Martin Murdock of Jones & Carter, Inc.; Martin Fein and Rebecca Luks of Martin Fein Interests, Ltd.; Captain Ronald Glaze of Harris County Constable, Precinct 4; Bill Walker of Springwoods Realty, Inc. ("SRI"); Robert Deden, Jr.; and Lynne Humphries and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

REPORT ON SECURITY

Captain Glaze reported regarding patrol in the District for the months of August and September 2018.

PUBLIC COMMENT

Mr. Agrella commented regarding a helpful meeting between some of the residents of Audubon Grove and the District engineer to discuss drainage issues in Audubon Grove. He also commented regarding his pending Texas Publication Information Act ("TPIA") requests with the District's records manager, ABHR, and reminded the Board of his prior request for a resident to be appointed to the Board, and thanked the Board for the upcoming tax reduction.

Mr. Andrus thanked the Board for its conservative management of District funds and plans to propose a lower tax rate for 2018, and stated that he would like the District to issue bonds to fund capital improvements.

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 agenda item 3(b). 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

The Board discussed funding certain capital improvement projects with surplus funds from the District's Series 2016 Unlimited Tax Bonds and Series 2017 Unlimited Tax Road Bonds. Mr. Burton and Ms. Humphries reviewed projects eligible for funding with surplus bond funds with notification to the Texas Commission on Environmental Quality ("TCEQ") for use of surplus and projects that require application to the TCEQ requesting authorization to use surplus funds. Following review and discussion, Director Darcy moved to (1) authorize use of surplus funds, as discussed, including authorizing ABHR to send appropriate notice to the TCEQ of the District's intent to use of surplus; and (2) approve a Resolution to the TCEQ Requesting Authorization for Use of Surplus Funds for those projects requiring TCEQ consent for use of surplus. The motion was seconded by Director Mason and passed unanimously.

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 and delinquent taxes. Mr. Patterson also reviewed a list of litigated values pending and discussed potential large adjustments to assessed values under protest with HCAD, possible subsequent refunds and the impact upon the District's budget. Discussion ensued regarding possible amendment of the District's budget to increase the line item for a tax refund reserve. 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.

2018 TAX RATE

Ms. Bartholomew first reviewed the 2018 tax rate recommendation from Robert W. Baird & Co. for Defined Area No. 1, a copy of which is attached.

Ms. Bartholomew then reviewed the 2018 tax rate recommendation from Robert W. Baird & Co. for the District, a copy of which is attached.

Ms. Bartholomew also discussed a planned bond application during the first quarter of 2019.

After review and discussion, Director Darcy moved to approve publication of notice of a public hearing to adopt a maximum tax rate of: (1) \$0.30 per \$100 of assessed valuation in Defined Area No. 1; (2) \$0.75 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 \$1.05 per \$100 of assessed valuation to be held at the October 31, 2018 in The Woodlands Villager, Board meeting and post notice on the District website. Director Rose seconded the motion, which 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, a copy of which is attached. 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, back charges for damage to District facilities, 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 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. Humphries confirmed that disclosure compliance pursuant to House Bill 1295 was received for:

1. Tolunay Wong Engineers Task Order No. 046-18-011; for additional Construction Materials testing for CityPlace Park (Lower Plaza);
2. Jones & Carter Task Order No. 021-18-023; Bidding Services for CityPlace Landscape Improvements - Phase III; and
3. Halff Associates Task Order No. 064-18-014; Design Services for CityPlace Landscape Improvements - Phase III.

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 Halff Associates Task Order No. 064-18-015; Construction Administrative Services for CityPlace Landscape Improvements - Phase II.

DEEDS AND EASEMENTS

The Board next considered accepting an Unobstructed Visibility Easement for Post Oak, Section 2. Following review and discussion, upon a motion by Director Rose and a second by Director Mason, the Board voted unanimously to approve the conveyance, as recommended.

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 plans for Pedestrian Trails where East Mossy Oaks Road connects to Holzwarth Road and requested authorization to advertise for bids for construction.

Mr. Lozano reported the status of the following construction projects and recommended approval of associated pay estimates listed below:

1. CityPlace Park (Lower Plaza) (Jones & Carter/Texas Wall & Landscape);
 - a. Pay Estimate No. 6;
2. CityPlace Park Bridges (Jones & Carter/MoBill Contractors);
 - a. Pay Estimate No. 3;

3. CityPlace Roadways - Phase II (Jones & Carter/Harper Brothers Construction);
 - a. Pay Estimate No. 1;
4. CityPlace Landscape Improvements - Phase II (Jones & Carter/Shooter & Lindsey);
 - a. Pay Estimate No. 8;
 - b. Change Order No. 3 (French Drains; Shumard Oaks; Electrical Conduit);
 - c. Quantity Contract Adjustment No. 4 (Match Field Quantities).

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

Mr. Lozano updated the Board on management and permitting for storm water quality permits.

Mr. Lozano next discussed requests for capacity commitment and recommended that the Board approve commitments to:

1. Springwoods Cinema, LLC; 36 equivalent single family connections ("ESFC"); and
2. Springwoods, 1B, Inc.; 38 ESFCs.

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 Half; (2) authorize the District engineer to advertise for bids for construction of for Pedestrian Trails where East Mossy Oaks Road connects to Holzwarth Road; (3) approve pay estimates, based upon the engineer's recommendation; (4) approve the Change Order listed and is 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 utility commitments listed above, as recommended by the District engineer. Director Mason 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 District's application to the Federal Emergency Management Agency ("FEMA") for reimbursement of Hurricane Harvey expenses. Mr. Cooke said that MSA is working with the District's landscape architect to review options for additional barriers between the Nature Preserve Park and Springwoods Village Parkway, but noted issues with designing around underground gas lines crossing the property. Following review and discussion, upon a motion by

Director Rose and a second by Director Mason, the Board voted unanimously to approve the management report.

EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE


At 12:46 p.m. the remaining Board members, along with ABHR, convened in Executive Session, to conduct a private consultation with the District's attorney.

RECONVENE IN OPEN SESSION

At 1:08 p.m. the Board reconvened in open session. Following discussion in executive session, Director Deden moved to authorize the District engineer to proceed with investigation and preparation of documents, as discussed in executive session. The motion was seconded by Director Darcy and passed unanimously.

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




Secretary, Board of Directors

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