

MINUTES
HARRIS COUNTY IMPROVEMENT DISTRICT NO. 18

September 25, 2019

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 September, 2019, 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
Craig Doyal	Assistant Vice President
Sue Darcy	Secretary
Richard L. Rose	Assistant Secretary

and all of the above were present except Director Mason, thus constituting a quorum.

Also present at the meeting were District resident, Joe Agrella; Stephen Eustis of Robert W. Baird & Co. Incorporated; Tommy Lee of Assessments of the Southwest, Inc. ("ASW"); Phillip Dautrich and Mario Garcia of TNG Utility Corp. ("TNG"); Daniel Lozano of Half Associates, Inc. ("Half"); Nick Cooke and Mason Brauchle of Mike Stone Associates, Inc. ("MSA"); Bill Granstrom of MoBill Contractors; Joanne Willenbacher, Kevin Gregory, Evangelia Polanagnostaki and Bill Walker of Springwoods Realty, Inc. ("SRI"); Nick Lammayot of ExxonMobil Corporation ("ExxonMobil"); and Lynne Humphries, Diana Soriano and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

REPORT ON SECURITY

The Board received a written patrol report, a copy of which is attached.

PUBLIC COMMENT

Mr. Agrella commented regarding homeowner's associations within the District and deed restrictions. He also commented regarding public use of District recreational areas and information regarding same on the District website. Mr. Agrella asked that the Board consider lowering the taxes and appointing a homeowner to the Board of Directors.

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 agenda item no. 3 (c). 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

The Board took no action on agenda item no. 3 (c).

TAX ASSESSMENT AND COLLECTIONS MATTERS, INCLUDING COLLECTION OF DELINQUENT TAXES

Mr. Lee reviewed the tax assessor/collector's report. 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.

The Board took no action to adopt a Resolution Nominating Candidate for Board of Director Election for Harris County Appraisal District.

2019 TAX RATE

Mr. Eustis reviewed the 2019 tax rate recommendation from Robert W. Baird & Co. for Defined Area No. 1, a copy of which is attached.

Mr. Eustis then reviewed the 2019 tax rate recommendation from Robert W. Baird & Co. for the District, a copy of which is attached.

After review and discussion, Director Darcy moved to approve publication of notice of a public hearing to adopt a maximum tax rate of: (1) \$0.26 per \$100 of assessed valuation in Defined Area No. 1; (2) \$0.735 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 \$0.995 per \$100 of assessed valuation to be held at the October 23, 2019 in The Woodlands Villager, Board meeting and post notice on the District website. Director Doyal seconded the motion, which passed by a vote of 3 to 1, with Director Rose voting against the motion.

FINANCIAL AND BOOKKEEPING MATTERS

The Board reviewed the bookkeeper's report, copy of which is attached, and reviewed the bills presented for payment from the District's accounts. 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 Darcy and passed unanimously.

ELECTRICITY MARKETS AND RENEWAL/EXTENSION OF CURRENT CONTRACT

Mr. Burton discussed proposed participation through 2029 in an energy usage aggregation contract. Following review and discussion, Director Darcy moved to (1) approve participation in an aggregated 68 month contract not to exceed \$0.03875 per kilowatt hour, subject to ABHR's review of contract documents; and (2) authorize Director May to execute a letter agreement and Energy Confirmation Sales Agreement on or before November 30, 2019. The motion was seconded by Director Doyal and passed unanimously.

OPERATION OF DISTRICT BILLINGS, REPAIRS AND MAINTENANCE

Mr. Dautrich reviewed TNG's monthly operations and maintenance report, a copy of which is attached, and reviewed a summary of operating charges for the month. Mr. Garcia updated the Board regarding water accountability, consumption totals, billing and collections, water production, compliance schedules, facility repairs in progress and permitting. Following review and discussion, Director Darcy moved to approve the operator's report. Director Doyal 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. Law Enforcement Services Agreement with Roosevelt Hopes;
2. Law Enforcement Services Agreement with Michael Fulton;
3. Services Agreement and Task Order No. 068-19-001 with SmartWaves Technologies, LLC;

4. Terminate Task Order Nos. 021-19-004 and 021-19-014 with Jones & Carter, Inc. ("J&C");
5. C. L. Davis Task Order No. 008-18-020; Springwoods Village Parkway Utilities Extension Easement;
6. C. L. Davis Task Order No. 008-19-021; Construction Staking Services for Ground Storage Tank No. 2;
7. DCS Engineering ("DCS") Task Order No. 051-19-002; Construction Administration Services for Ground Storage Tank No. 2; and
8. Tolunay Wong Engineers Task Order No. 046-19-008; Construction Materials Testing for Ground Storage Tank No. 2.

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

The Board took no action on J&C Task Order No 021-19-016; Construction Management Services for Ground Storage Tank No. 2.

DEEDS AND EASEMENTS, INCLUDING SPRINGWOODS VILLAGE PARKWAY CONSERVATION EASEMENT MODIFICATIONS

The Board considered and reviewed documents for the following conveyances:

1. Waterline easement (500 square feet);
2. Waterline easement (625 square feet);
3. Waterline easement (3,020 square feet);
4. Sanitary sewer easement (500 square feet); and
5. Sanitary sewer easement (3,020 square feet).

Following review and discussion, Director Darcy moved to (1) approve the conveyances listed above; and (2) authorize the Board President and Secretary to execute any necessary documents to complete the conveyances. Director Rose seconded the motion which passed unanimously.

SERIES 2019 ROAD BONDS

The Board considered selecting an attorney to provide disclosure counsel legal services for the District in connection with the issuance of public securities and other related matters. The Board reviewed a proposed contract submitted by McCall, Parkhurst & Horton, LLP ("MPH") to serve as disclosure counsel for the District. Ms. Humphries discussed requirements related to contracts for disclosure counsel legal services by the District. The Board reviewed the public notice that was provided regarding consideration of MPH's contract for tonight's meeting, pursuant to Section 2254.1036, Texas Government Code. Ms. Humphries presented a written Resolution

Regarding Approval of Legal Services Contract (the "Resolution"). After review and consideration of matters related thereto, including the matters listed in Section 2254.1036(a)(1), Texas Government Code, Director Darcy moved to (1) adopt the Resolution reflecting: (i) approval of the public notice provided pursuant to Section 2254.1036, Texas Government Code; (ii) adoption of the findings and determinations provided in the public notice as the findings and determinations of the Board; (iii) the Board's findings that the contents of the public notice and the timing and manner of the provision of the notice are in full compliance with Subchapter C, Chapter 2254, Texas Government Code; (iv) the Board's finding that MPH is a well-qualified law firm on the basis of demonstrated competence, qualifications, and experience; and (v) approval of the contract with MPH for disclosure counsel legal services; and (2) direct that the Resolution and the contract be filed appropriately and retained in the District's official records. Director Doyal seconded the motion which passed by unanimous vote.

Mr. Eustis then reviewed the Preliminary Official Statement and Notice of Sale ("POS"), a copy of which is attached.

Mr. Eustis recommended that the Board appoint Zions Bancorporation, N.A. as the Paying Agent/Registrar for the Bonds.

After review and discussion, Director Rose moved that the Board (1) approve the POS, subject to final review and for an amount not to exceed \$9,000,000; (2) authorize advertisement for sale of the Bonds; (3) schedule the sale of the Bonds on October 23, 2019 at 12:00 p.m.; and (3) appoint Zions Bancorporation, N.A. as the Paying Agent/Registrar for the Series 2019 Road Bonds. Director Darcy seconded the motion, which carried unanimously.

ENGINEERING MATTERS

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

Mr. Lozano stated that bids were received for construction of Ground Storage Tank No. 2. Upon the recommendation of DCS, Mr. Lozano recommended that the Board award the contract to W.W. Payton Corporation ("WW Payton") in the amount of \$3,573,249.50. The Board concurred that, in its judgment, WW Payton, 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. Following review and discussion, Director Rose moved to award the contract for construction of Ground Storage Tank No. 2 in the amount of \$3,573,249.50, based upon the DCS and the District engineer's recommendation, and subject to approval of the payment and performance bonds and review of the certificate(s) of insurance and endorsements, if any, provided by the contractor. Director Darcy seconded the motion, which passed by unanimous vote.

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

1. CityPlace Roadways – Phase II (J&C/Harper Brothers Construction);
 - a. Pay Estimate No. 9 & Final;
 - b. Change Order No. 4 (Soil Haul Off and Extended Warranty);
 - c. Quantity Contract Adjustment No. 2; and
2. CityPlace Landscape Improvements – Phase III and CityPlace Park Pond 4 Detention (J&C/MoBill Contractors);
 - a. Pay Estimate No. 2.

The Board determined that Change Order No. 4 is 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 Half; (2) approve the pay estimates and quantity adjustments listed above; and (3) approve Change Order No. 4 in the amount of \$15,456.97 as an increase to the contract with Harper Brothers, based upon the Board’s finding that the Change Order is beneficial to the District and the engineer’s recommendation.. Director Darcy seconded the motion, which passed by unanimous vote.

MANAGEMENT REPORT

Mr. Cooke reviewed a management report from MSA, a copy of which is attached. Following review and discussion, Director Doyal moved to approve the management report. The motion was seconded by Director Rose and passed unanimously.

HOLIDAY MEETING SCHEDULE

The Board concurred to schedule meetings for November 20, 2019 at and December 18, 2019 at 11:00 a.m. due to the Thanksgiving and Christmas holidays.

EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE

At 12:52 p.m. the Board, convened in Executive Session to conduct a private consultation with the District’s attorney. Director Rose left the meeting before the Board convened and was not present during the remainder of the Executive Session. The remaining Board members continued 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.

RECONVENE IN OPEN SESSION

At 12:52 p.m. the Board reconvened in open session. No action was taken following discussion in executive session.

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


Secretary, Board of Directors

(SEAL)



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