

MINUTES OF THE BOARD OF DIRECTORS MEETING
TIRZ 17 Redevelopment Authority/Memorial City Redevelopment Authority
City of Houston, Texas

March 5, 2014

The Board of Directors (the "Board") of the TIRZ 17 Redevelopment Authority/Memorial City Redevelopment Authority (the "Authority") met in special session, open to the public, on March 5, 2014, at Four Points by Sheraton, 10655 Katy Freeway, Wycliffe Room, Houston, Texas.

Board members in attendance:

Ann T. Givens, Chair
Brad Freels, Vice Chair
Glenn Airola, Secretary
Bob Tucker, Assistant Secretary
John Rickel, Director
Zachary R. Hodges, Director

Board members not in attendance:

David A. Hamilton, Director

Staff in attendance:

Don Huml - Executive Director

Consultants in attendance:

Muhammad Ali - Lockwood, Andrews & Newnam, Inc.
Jessica Holoubek and Kristen Hogan - Allen Boone Humphries Robinson LLP

City of Houston representatives in attendance:

Ralph De Leon and Mary Buzak - City of Houston (the "City")

1. Call Meeting to Order

Having established that a quorum of the Board was present, Mr. Huml called the meeting to order.

2. Approve Development Agreement

Mr. Huml discussed the Authority's budgeted Capital Improvement Project No. 1717 for Town & Country Way. He reported on efforts to acquire the approximate 0.5-acre tract of land, a portion of which would be dedicated as road right-of-way for the extension of Town & Country Way from Town & Country Boulevard west toward Beltway 8 to provide detention and drainage improvements and to improve mobility and alleviate traffic congestion for the area. Mr. Huml reviewed recent actions related to the acquisition, including Board approval, subject to City approval, of the negotiation

and execution of a purchase and sale agreement for the property at its February 5, 2014, meeting. He reviewed the Authority's property acquisition budget for the project as compared to the seller's asking price for the property and said Midway Companies ("Midway") has agreed to fund the difference, to be reimbursed from future increment revenue if available.

Director Freels noted that as Chairman of Midway, he will abstain from any related action by the Board on this agenda item.

Ms. Holoubek distributed and reviewed a term sheet for a proposed Development Agreement between the Authority and Midway under which Midway agrees to advance funds on behalf of the Authority for acquisition of the property, subject to later reimbursement by the Authority. She distributed an exhibit showing the geographical area for which future tax increment revenue generated will be used to reimburse Midway for its contribution, plus interest. Ms. Holoubek noted the term sheet reflects the Authority will reimburse Midway as increment funds generated from the defined area are received until the earlier of (1) 10 years from the effective date of the proposed Development Agreement or (2) the date Midway has been paid in full for its contribution, plus interest. She said the seller requested Board and City approval of the term sheet for the Development Agreement prior to execution of a purchase and sale agreement to guarantee financing.

Discussion ensued regarding the right-of-way acquisition and the term sheet for the proposed Development Agreement between the Authority and Midway. After review and discussion, Director Airola moved to approve the term sheet, authorize negotiation and execution of a final Development Agreement based substantively on the term sheet as presented and as approved by the City, consent to the collateral assignment of the reimbursement rights under the Development Agreement to Midway's lender, and cause the Authority's 2015 budget to include funds to reimburse Midway as allowed under the final Development Agreement. Director Givens seconded the motion. Upon Director Rickel's request for a record vote on the motion, Directors Givens, Hodges, and Airola voted aye, Directors Rickel and Tucker voted nay, and Director Freels abstained. Thus, the motion passed by majority vote of three ayes and two nays.

3. Communications with Board of Directors

Director Rickel distributed and reviewed a timeline of events and correspondence related to the acquisition of the previously-discussed tract. He expressed frustration regarding the lack of information provided to the Board and in response to his inquiries regarding the status of the negotiations. He reviewed the ordinance creating Tax Increment Reinvestment Zone No. 17 ("TIRZ 17") and the TIRZ 17 bylaws regarding Board authority and responsibilities.

Mr. Huml discussed the Board's approval at the February 5th meeting of the negotiation and execution of a purchase and sale agreement for the property. He said he proceeded to coordinate the acquisition negotiations with Director Givens pursuant to such Board approval. Discussion ensued regarding the desired level of involvement of Board members on efforts and negotiations to carry out actions authorized by the Board. Directors Freels, Airola, and Hodges indicated they were satisfied with their level of involvement on the matter subsequent to the Board's authorization of the acquisition.

Director Givens said the compensation committee will consider any necessary changes in communications and Board member involvement in connection with its annual review of Mr. Huml's employment. Director Airola added that the Board should provide Mr. Huml with instructions for communicating matters to individual Board members. Director Givens requested that Director Rickel meet with Mr. Huml to discuss his expectations for involvement in day-to-day details related to Authority matters. She thanked Director Rickel for bringing his concerns to the Board's attention.

4. Convene in Executive Session Pursuant to Section 551.072, Texas Government Code, to Deliberate the Purchase, Exchange, Lease or Value of Real Property

At 8:55 a.m., Director Givens announced the Board would meet in executive session to deliberate the purchase, exchange, lease or value of real property.

5. Reconvene in Open Session and Authorize Appropriate Action Regarding the Purchase, Exchange, Lease or Value of Real Property

At 9:11 a.m., Mr. Huml announced the Board would reconvene in open session.


6. Authorize Appraisal and/or Purchase of Real Property

Director Rickel moved to authorize negotiation and execution of a purchase and sale agreement for a tract of real property. Director Tucker seconded the motion, which passed unanimously.

7. Adjournment

There being no additional matters for the Board's consideration, the meeting was adjourned.

Approved:



Secretary, Board of Directors

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