

MINUTES OF THE BOARD OF DIRECTORS MEETING
TIRZ 17 Redevelopment Authority/
Memorial City Redevelopment Authority
City of Houston, Texas
July 7, 2009

The Board of Directors (the "Board") of the TIRZ 17 Redevelopment Authority/ Memorial City Redevelopment Authority (the "Authority") met in regular session, open to the public, on July 7, 2009, in the Community Room of the HEB Store, 9710 Katy Freeway, inside the boundaries of the Authority.

Board members in attendance:

Charles Turet, Chair
Brenda Stardig
Zach Hodges
Dan Moody, III

Board members not in attendance:

Ken Arnold
Brad Freels
Glenn Airola

City of Houston representatives in attendance:

Councilmember Toni Lawrence
Andrea Roberts

Consultants in attendance:

Paula Cox - ETI Accounting Services
Pat Hall - Equi-Tax, Inc.
Rafael Ortega and Derek St. John - Lockwood, Andrews & Newnam, Inc. ("LAN")
Trey Lary and Susan Hostetler - Allen Boone Humphries Robinson LLP ("ABHR")

Staff in attendance:

Pat Walters - Executive Director
Perry Pace - Project Manager

1. Call meeting to order, take attendance and verify that a quorum is present

Director Turet called the meeting to order. All agenda items were considered in order.

2. Receive comments from the public

Ms. Gregory commented on the Briar Branch overland sheet flow, detention provided by commercial development on-site, and the W151 ditch.

Mr. Davidson commented on upcoming public hearings regarding the possible annexation of the Spring Branch area into the Houston Community College System.

Mr. Wolf commented on detention around his home, maintenance to the Briar Branch ditch, blockage at the ditch at Westview and Springrock, parking on Springrock, and repairs to the Windover conduit.

Ms. Freedman commented on the receipt of public comments at the beginning of the meeting, and the presence of City and County representatives at the meeting.

Ms. Wolbert commented on flooding around her home and the need to install conduits to prevent flooding.

Ms. Myers commented on drainage near her home, the 1999 contract with the City of Houston, and detention requirements for new development.

Ms. Prazak commented on the Board representatives for the north and south and the District G representative, the Authority's email address, the Town & Country drainage project, the Fonn Villas project, detention for Gessner, and the Authority's hydrologist.

Mr. Fisher commented on the new street signs, the proposed gateway markers, the role of the Authority, and the lack of participation by the County and Spring Branch Independent School District.

3. Discuss and approve minutes of the June 2, 2009 meeting

The Board reviewed the minutes of the June 2, 2009, Board meeting. Following discussion, Director Hodges moved to approve the minutes of the meeting as submitted. The motion was seconded by Director Moody, and carried by unanimous vote.

4. Financial and bookkeeping matters, including payment of invoices and review of investments and project cash flow report

Ms. Cox reviewed the financial report, and presented checks for payment from the general operating fund. Following review and discussion, Director Moody made a motion to approve the bookkeeper's report, and the payment of the invoices

presented in the report. Director Stardig seconded the motion, and it passed unanimously.

5. Review the progress of the FY 2010 Budget and the 2010-2014 Capital Improvement Plan ("CIP")

Mr. Walters noted that the increment collections were lower than anticipated. He discussed Wells Fargo's withholding of interest and principal payments from the City's tax increment payment, pursuant to the Trust Indenture. Ms. Hall discussed the impact of property tax protests on the Authority's revenues. Mr. Walters reported that the City has not yet taken action to approve the Authority's fiscal year 2010 budget.

Mr. St. John discussed the schedule of projects in the CIP and the updated schedule for construction of the Barryknoll east drainage improvements. Mr. St. John reported that this project was scheduled for 2012, but has been moved up to 2010. Mr. St. John noted that the City has scheduled a waterline improvement project in this area, and the Authority will coordinate its drainage improvement project with the City's project.

6. City of Houston Municipal Services Cost Agreement

Mr. Walters and Mr. Lary discussed the Municipal Services Cost Agreement amongst the City, the Authority, and Tax Increment Reinvestment Zone No. 17 (the "TIRZ"). Mr. Walters stated the agreement allows the City to recover the costs of municipal services pursuant to the Tri-Party Agreement among the City, the Authority and the TIRZ, and that the \$250,000 payment under this agreement is included in the Authority's budget.

In response to a question from Director Stardig, Director Turet noted the \$250,000 will be deposited to the City's General Fund and is not allocated to be used specifically in the TIRZ boundaries. Following review and discussion, Director Stardig made a motion to authorize execution of the Municipal Services Cost Agreement. Director Moody seconded the motion and it passed unanimously.

7. Review of the Authority's insurance coverage

Mr. Walters discussed review of the Authority's insurance coverage by the Darrell Kainer Insurance Agency. He noted that Mr. Kainer will discuss the results of his review with the Board. Following discussion, Director Moody made a motion to authorize review of the Authority's insurance coverage at a cost of \$200. Director Hodges seconded the motion, and it passed unanimously.

8. Gessner Road Widening Project

Mr. St. John reported on the status of the Gessner widening project. He reported that the Texas Department of Transportation ("TxDOT") does not require its contractors to provide a one-year warranty on TxDOT contracts. He reviewed an agreement with Sears for the Authority to provide a one-year warranty of maintenance and repairs to the Sears fire vault. Mr. St. John stated the warranty period begins with the completion date of January 2009. The Board discussed the contractor's responsibility to make repairs to the fire vault during the estimated November 2009 completion date for the TxDOT contract, and possible replacement costs associated with the fire vault. The Board asked that the fire vault be tested before the TxDOT contract ends, to make sure it is fully operational. Following review and discussion, Director Stardig made a motion to approve the one-year fire vault warranty agreement with Sears. Director Moody seconded the motion, and it passed by unanimous vote.

9. Gessner at Barryknoll intersection improvements

Mr. St. John updated the Board on the status of the intersection improvements to Gessner at Barryknoll. He noted that TxDOT has accepted the plans as a change order to the Gessner Road project. Mr. St. John stated that JD Abrams is preparing a change order proposal to install the right-turn lane as part of the Gessner project, but has not yet finalized the proposal.

Mr. St. John reviewed LAN's cost estimate of the change order for construction of the right turn lane. He stated that LAN has prepared the estimate in advance of receiving TxDOT's change order, in order to take advantage of the construction crew and equipment currently at the site. He reviewed LAN's estimate of \$146,681 and recommended the Board approve this estimate plus a 20% contingency to ensure coverage of the total cost of the project. Following review and discussion, Director Moody made a motion to approve the engineering estimate plus 20% contingency for the Gessner at Barryknoll intersection improvements, at a cost not to exceed \$176,017. Director Hodges seconded the motion, and it passed by unanimous vote.

Mr. St. John then discussed right-of-way restoration for the project. He noted that, in return for the donation of right-of-way for the right turn lane, the Authority agreed to restore the right-of-way to its original integrity. The Board reviewed a proposal from Embark Tree and Landscape Services ("Embark") for \$14,000 for installation of the landscaping within the right-of-way of the project, and a letter from Embark requesting that MetroNational be compensated \$7,500 for loss of an oak tree. Following review and discussion, Director Moody made a motion to: (1) approve the Embark proposal for landscaping in the amount of \$14,000 and authorize the work; and (2) authorize Mr. Walters to obtain additional information regarding the cost for removal of the oak tree and reconfiguration of the landscaping

of the tree bed. Director Hodges seconded the motion, and it passed by unanimous vote.

The Board then reviewed a proposal from Embark for trimming a large oak tree located at the southeast corner of Barryknoll and Gessner. Mr. Walters noted that he authorized the work pursuant to the Board's resolution authorizing him to commit up to \$10,000 of the Authority's funds in situations requiring a prompt response. Following discussion and review, Director Stardig made a motion to authorize the work and approve the \$575 proposal from Embark for tree trimming. The motion was seconded by Director Hodges and carried unanimously.

10. Upper reaches of W151 study

Mr. St. John made a presentation regarding a proposed comprehensive study of the upper reaches of ditch W151. No action was necessary for this agenda item.

11. Bunker Hill Widening Project

Mr. St. John updated the Board on the status of the Bunker Hill widening project.

12. Memorial near Beltway 8 Drainage and Mobility Improvements

Mr. St. John reviewed LAN's proposal for design of mobility improvements to the eastbound left turn lanes on Memorial Drive at the Town and Country Village east and west driveways, and to update pavement markings between the Sam Houston Tollway frontage road and West Bough Lane. Mr. St. John stated the proposal also provides for preparation of a cost-benefit analysis to improve the storm sewer level of service. He noted the proposal will be presented to the Board for action at the next meeting. No action was necessary for this agenda item.

13. Kimberley at Beltway 8 Drainage Improvements

Mr. St. John reviewed LAN's proposal for design of drainage improvements at Kimberley and Beltway 8. Mr. St. John stated the proposal will be presented to the Board for action at the next meeting. No action was necessary for this agenda item.

14. Town and Country West Drainage and Mobility Improvements

Mr. St. John updated the Board regarding the Town and Country west drainage and mobility improvements project.

15. Parks, Trails and Green Space

Mr. Walters discussed the recent meeting with the City to discuss trail connectivity. No action was necessary for this agenda item.

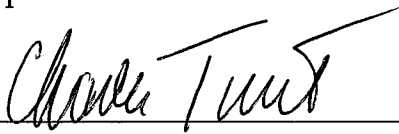
16. Discuss changing monthly board meeting date to the fourth week of the month

Mr. Walters discussed moving the monthly meeting to the fourth week of the month, beginning in September.

17. Adjournment

There being no additional matters for the Board's consideration, Director Stardig moved to adjourn the meeting. The motion was seconded by Director Hodges, and passed unanimously.

Approved:



Chuck Turet, Chairman

TIRZ 17 Redevelopment Authority/Memorial City Redevelopment Authority
City of Houston, Texas