

MINUTES OF THE BOARD OF DIRECTORS MEETING
TIRZ 17 Redevelopment Authority/
Memorial City Redevelopment Authority
City of Houston, Texas
January 15, 2008

The Board of Directors ("Board") of the TIRZ 17 Redevelopment Authority/Memorial City Redevelopment Authority (the "Authority") met in regular session, open to the public, on Tuesday, January 15, 2008, in the Memorial Hermann Hospital's Heart and Vascular Institute Conference Room, 921 Gessner, Houston, Texas, inside the boundaries of the District.

Board members in attendance:

Charles Turet, Chair
Ken Arnold
Terry Cheng
Dan Moody, III
Carolina Weitzman

Board members not in attendance:

Brenda Stardig-Patrick

City of Houston representatives in attendance:

Robert Fiederlein

Consultants in attendance:

Linda Canik - ETI Accounting Services
Trey Lary and Susan Hostetler - Allen Boone Humphries Robinson LLP ("ABHR")
Rafael Ortega, Chuck Rogers, and Derek St. John - Lockwood, Andrews & Newnam, Inc. ("LAN")
Duncan Lamme - RBC Capital Markets

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

Charles Turet called the meeting to order. A quorum was present. Agenda Items 1 through 7 were considered in order, then the Authority meeting was recessed in order to hold a meeting of the Board of Directors of Reinvestment Zone

Number 17, City of Houston, Texas. The Authority meeting was reconvened and all remaining agenda items were considered in order.

2. Discuss and approve minutes of the December 4, 2007 Board Meeting

Following review and discussion, Terry Cheng moved to approve the minutes of the December 4, 2007 Board meeting, as revised to reflect that Terry Cheng abstained from voting on the approval of any invoices relating to LAN and TCB, Inc. ("TCB"). The motion was seconded by Dan Moody and carried unanimously.

3. Receive financial report and approve payment of invoices

Linda Canik reviewed the financial report as of December 31, 2007. Ms. Canik stated she is working with Pat Walters to update the format of the contract expense report. Ken Arnold made a motion to approve the financial report and payment of the invoices presented. Carolina Weitzman seconded the motion, and it passed unanimously, with Terry Cheng abstaining from approval of invoices relating to LAN and TCB.

4. Reorganize the Board and elect officers

The Board next considered electing officers. Following discussion, Terry Cheng made a motion that directors serve in the following offices:

Charles Turet	Chairman (as appointed by the City)
Kenneth Arnold	Vice Chairman
Terry Cheng	Secretary
Dan Moody, III	Assistant Secretary
Carolina Weitzman	Assistant Vice Chairman; and
Brenda Stardig-Patrick	Assistant Vice Chairman.

The motion was seconded by Dan Moody, and passed by unanimous vote.

5. Discuss and take necessary action upon the Authority's Tax Increment Contract Revenue Bonds, Series 2008

Mr. Lamme discussed the terms of the sale of the Authority's Tax Increment Contract Revenue Bonds, Series 2008 (the "Bonds") to Bank of America. Mr. Lary reviewed the documents relating to the Bonds, including the Resolution Authorizing the Issuance of the Series 2008 Bonds and Approving Contract Documents Related Thereto, the Purchaser's Investment and Bid Letter, the Indenture of Trust, and the Paying Agent/Registrar Agreement.

Ken Arnold disclosed that his son is employed by Andrews & Kurth LLP, which is serving as Bank of America's counsel in the sale of the Bonds. Mr. Arnold stated that he will abstain from voting on approval of any funds to Andrews & Kurth LLP. Mr. Arnold stated that his son is not working on the Bond sale. Mr. Arnold stated that he has completed the required conflict disclosure form.

Following review and discussion, and based upon the recommendations of the Authority's financial advisor and attorney, Carolina Weitzman made a motion to: (1) award the sale of the Bonds to Bank of America Capital Corp; (2) adopt the Resolution Authorizing the Issuance of the Series 2008 Bonds and Approving Contract Documents Related Thereto; (3) authorize the Board of Directors to sign all documents relating to the bond sale and authorize the attorney, executive director and financial advisor to take all action necessary to deliver the Bonds to the purchaser; and (4) approve payment of the costs of issuance and authorize execution of checks or wire transfer instructions. The motion was seconded by Terry Cheng and carried unanimously, with Ken Arnold abstaining from approval of payment of funds to Andrews & Kurth LLP.

6. Report on the status of the Gessner Widening Project

Pat Walters reviewed a letter from the Texas Department of Transportation ("TxDOT") requesting the Authority's payment of \$6,672,423.33 for the widening of Gessner Road from Barryknoll to IH 10. The Board discussed the difference between the amount originally estimated by TxDOT and the amount requested.

Following discussion and based on LAN's recommendation, Terry Cheng made a motion to authorize payment of \$6,672,423.23 to TxDOT of the Authority's share of the Gessner widening project. The motion was seconded by Ken Arnold and carried unanimously.

Pat Walters then reviewed two proposals from Embark Tree and Landscaping Services ("Embark") to remove trees in the project area. Mr. Walters noted that Embark is owned by MetroNational. He stated that Embark is well qualified to coordinate its work with area property owners, and that he confirmed that Embark's proposals, totaling \$19,242.50, are competitively priced. Following review and discussion, Ken Arnold made a motion to approve the Embark proposals in the amount of \$19,242.50. Dan Moody seconded the motion, and it passed by unanimous vote.

7. Report on status of the Bunker Hill project

Rafael Ortega reported that the Authority received 8 bids for the Bunker Hill widening project. He stated that Triple B Services, the apparent low bidder, requested that its bid be removed from consideration. Mr. Ortega recommended

that the Board award the contract for Bunker Hill widening to the lowest responsible bidder, Conrad Construction, in the amount of \$5,588,502 and authorize the Authority's consultants and staff to finalize and execute the contract documents. The Board discussed the remaining right-of-way issues relating to the project. He stated that the Notice to Proceed for the project will not be issued to the contractor until the right-of-way issues are resolved.

Following review and discussion and based upon LAN's recommendation, Carolina Weitzman made a motion to: (1) pending approval of the payment and performance bonds, award the contract for Bunker Hill widening to Conrad Construction in the amount of \$5,588,502; (2) authorize consultants and staff to finalize the contract documents with Conrad Construction; and (3) accept the withdrawal of the bid by Triple B Services. The motion was seconded by Dan Moody and carried unanimously.

The Board then considered the proposal of TCB to perform construction phase III services for the Bunker Hill widening project for a fee of \$24,928. The Board requested that TCB's proposal be revised to ensure there is no additional payment to TCB for services required due to a defect in the bid documents that TCB prepared. Following review and discussion and based on LAN's recommendation, Ken Arnold made a motion to approve TCB's proposal to perform construction phase III services for the Bunker Hill widening project, for a fee of \$24,928. Dan Moody seconded the motion, and it carried by unanimous vote, with Terry Cheng abstaining from the vote.

The Board discussed LAN's proposals for construction management and inspection services, in the amount of \$404,100, and for construction phase services in the amount of \$107,200. The Board discussed the scope and cost of such services, the possibility of duplication of effort with TCB, the methods of managing construction oversight, and the Authority's overall services contract with LAN. The Board requested that LAN investigate further the Board's concerns regarding LAN's role in construction oversight and management and the cost of such services in comparison with other similar public projects.

The Board agreed to table action regarding the LAN proposals for construction management and inspection services and for construction phase services, as well as the proposal for materials testing for the Bunker Hill widening project.

The Board then agreed to temporarily recess the Authority meeting in order to hold the meeting of the Board of Directors of Reinvestment Zone Number 17, City of Houston, Texas.

8. Report on the status of the Kingsride Intersection Improvements

Rafael Ortega updated the Board regarding the Kingsride intersection project. He stated that only one bid was received for construction of the Kingsride intersection improvements, and that the bid was substantially higher than the project estimate. Mr. Ortega recommended that the Authority reject the bid for construction of the Kingsride intersection improvements and authorize readvertisement for bid. Following review and discussion and based upon LAN's recommendation, Ken Arnold made a motion to reject the bid of Cravens Partners for construction of the Kingsride intersection improvements, and authorize LAN to readvertise for bids. Dan Moody seconded the motion, and it passed unanimously.

9. Report on LAN proposal to perform a North/South Study for the TIRZ 17 area

The Board agreed to table any action regarding the North/South study for the TIRZ 17 area.

10. Report on the status of Queensbury Storm Sewer Project

Rafael Ortega stated that the Authority received 7 bids for construction of the Queensbury storm sewer improvements. He stated that Statewide Construction, the apparent low bidder, is not TxDOT-certified for pavement construction and therefore did not meet the bidding requirements and should be rejected. Mr. Ortega reviewed the bid from Huff & Mitchell, Inc. in the amount of \$365,176. He recommended that the Board award the bid to the lowest responsible bidder, Huff & Mitchell, Inc., and authorize the Authority's consultants and staff to finalize and execute the contract documents.

Following review and discussion, and based upon LAN's recommendation, Dan Moody made a motion to: (1) reject the bid of Statewide Construction; (2) pending approval of the payment and performance bonds, award the contract for construction of Queensbury storm sewer improvements to Huff & Mitchell, Inc. in the amount of \$365,176; and (3) authorize ABHR and staff to finalize and execute the contract documents with Huff & Mitchell, Inc.

In connection with the Queensbury storm sewer improvement project, the Board then considered CenterPoint Energy's proposal to relocate two streetlights for a cost of \$9,065.24. Derek St. John stated that LAN is coordinating with CenterPoint Energy to expedite this work in advance of the Queensbury construction project. Following review and discussion, and based upon LAN's recommendation, Ken Arnold made a motion to approve the proposal of CenterPoint Energy to relocate two streetlights at a cost of \$9,065.24. Terry Cheng seconded the motion, and it carried by unanimous vote.

The Board agreed to defer action regarding the proposals for construction management and inspection services, construction phase services, and materials testing.

11. Report on the status of Harris County Flood Control District's W151-00-00 Implementation Study

Pat Walters reported on his meeting with LAN and the Harris County Flood Control District to discuss Authority projects, as well as the re-surveying of the W151 ditch. The Board took no action regarding this agenda item.

12. Report on documents posted on the website

The Board discussed the Authority's website. Ken Arnold requested that additional construction project information be posted on the website.

13. Responses to public comments received at the December 4, 2007 meeting

Pat Walters responded to public comments received at the previous Board meeting.

14. Public comment

Virginia Gregory discussed the October 2006 environmental study by Tolunay Wong. She discussed detention for the Fidelis property, the widening of Bunker Hill, and removal of trees from the right-of-way.

Donna Freedman remarked that a quorum of the Board was not present to hear public comments. She commented that the public feels it has no input regarding the Authority's activities. She commented on protection of trees and of the oak tree at Pine Lake and Bunker Hill.

Roberta Prazak stated she is working on a video to the Mayor. She asked why there were no hearings on the Gessner widening project. Ms. Prazak stated that the Authority's website needs to be with the City. She commented on reimbursements to MetroNational. She asked why the Queensbury project involves street lights.

15. Adjournment

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

Approved:



Terry Cheng, Secretary
TIRZ 17 Redevelopment Authority/Memorial City Redevelopment Authority
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