

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

February 25, 2014

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 February 25, 2014, in the HEB Community Room, 9710 Katy Freeway, Houston, Texas.

Board members in attendance:

Ann T. Givens, Chair
Brad Freels, Vice Chair
Glenn Airola, Secretary
Bob Tucker, Assistant Secretary
John Rickel, Director
David A. Hamilton, Director

Board members not in attendance:

Zachary R. Hodges, Director

Staff in attendance:

Don Huml - Executive Director

Consultants in attendance:

Michelle Lofton - ETI Bookkeeping Services
Raphael Ortega and Muhammad Ali - Lockwood, Andrews & Newnam, Inc. ("LAN")
Jessica Holoubek and Kristen Hogan - Allen Boone Humphries Robinson LLP ("ABHR")
Gary Struzick - Klotz Associates, Inc. ("Klotz")
James Vick - SWA Group
Carlos Bujosa - Transwestern

City of Houston representatives in attendance:

City Council Member Oliver Pennington
City Council Member Brenda Stardig
Ralph De Leon, Jack Valinski, and Amy Peck - 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. Public Comments

Mr. Ortega apologized for not having today's agenda and Board packet available online due to technical issues.

Mr. Chris Valderama and Ms. Donna Collum each commented on plans for Lumpkin Road improvements and urged the Board to consider the same level of improvements on both sides of I-10.

Ms. Virginia Gregory commented on tonight's District A town hall meeting. She requested an update on the acquisition of certain property to be dedicated for the extension of Town & Country Way. She also commented on the Regional Drainage Study ("RDS") and the property included therein.

Ms. Cyd Dillahunty commented on the level of improvements for Lumpkin Road.

Ms. Roberta Prazak commented on the property included in the RDS. She commented on the differences between management districts and tax increment reinvestment zones. She also commented on director service on other boards.

Mr. Ed Browne commented on plans for Lumpkin Road improvements and possible participation by Memorial City Management District ("MCMD"). He also commented on possible improvements at the intersection of Witte and Westview.

Ms. Donna Freeman commented on the lack of detention pond facilities in the Memorial area.

3. Minutes of February 5, 2014 Meeting

The Board reviewed the minutes of the February 5, 2014, meeting. Following discussion, Director Rickel moved to approve the minutes as submitted. The motion was seconded by Director Tucker and carried unanimously.

4. Financial and Bookkeeping Matters

Ms. Lofton reviewed the financial report for January and presented checks for payment by the Authority. After review and discussion, Director Givens moved to approve the financial report and payment of the bills presented. The motion was seconded by Director Hamilton and carried unanimously.

5. Annual Report Regarding Post-Issuance Compliance Policy

Ms. Holoubek reported on the District's compliance activities during the prior year related to bond financings. She stated that no corrective action is required at this time.

6. Annual Disclosure Statements for Investment Officer and Bookkeeper

The Board reviewed the disclosures of Ms. Lofton as the Authority's bookkeeper and Mr. Huml as the Authority's investment officer. Following discussion, Director Tucker made and Director Givens seconded a motion accept the annual disclosure statements of the Authority's investment officer and bookkeeper. The motion passed unanimously.

7. Annual Review of Investment Policy and Adopt Resolution Regarding Annual Review of Investment Policy

Ms. Holoubek stated that under the Public Funds Investment Act, the Authority must conduct an annual review of its Investment Policy. She noted there are no recommended changes to the current Investment Policy. Following discussion and review, Director Rickel made and Director Airola seconded a motion to adopt the Resolution Regarding Annual Review of Investment Policy. The motion passed unanimously.

8. Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the Authority May Engage in Investment Transactions

Ms. Holoubek stated that under the Public Funds Investment Act, the Authority must annually review the list of qualified broker/dealers with whom the Authority may engage in investment transactions. She stated the bookkeeper has updated the list of qualified broker/dealers, which also includes the Authority's depository institutions. After review and discussion, Director Airola moved to adopt the Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the Authority May Engage in Investment Transactions. The motion was seconded by Director Givens and carried by unanimous vote.

9. Task Order from Lockwood, Andrews, and Newnam, Inc. for Engineering Consulting Services

The Board reviewed a task order from LAN for general engineering consulting services on an hourly basis, not to exceed \$10,000. After discussion and review,

Director Givens moved to approve the task order from LAN. The motion was seconded by Director Freels and carried unanimously.

10. Local Interaction Group Report and Update

Director Hamilton reported on the most recent Local Interaction Group meeting. He said the next meeting is scheduled for March 14, 2014.

11. Lumpkin Road Improvement Project

Mr. Ben Gillis, Chair of MCMD, commented on discussions at the last Authority meeting regarding a request for MCMD to consider paying the cost for Lumpkin Road improvements above City standards. He discussed the functions of MCMD related to operation and maintenance of improvements constructed by the Authority. Mr. Gillis responded to questions regarding MCMD standards for lighting and other improvements maintained by MCMD. He encouraged the Board to consider the same level of landscaping improvements on the east and west sides of MCMD to ensure a consistent, quality appearance from Bunker Hill to Beltway 8 and on both sides of IH 10. He also encouraged the Board to reconsider the size of trees included in the proposed landscaping improvements.

Council Member Stardig discussed the importance of consistent improvements for the north and south sides of IH 10 within her district. Council Member Pennington commented on drainage and traffic issues and continuing efforts to improve drainage and transportation. He encouraged MCMD to consider participating with the Authority on improvement projects.

Director Freels recommended establishing standards for amenity improvements such as landscaping that may be applied to all Authority projects. He also commented on the landscaping amenities included in the options presented by SWA Group at the last meeting.

Director Givens commented on the differences between MCMD and City standards for improvements and the upcoming increment payment to be received from the City. She added that the Authority should apply the same standard and level of improvements for the north and south sides of IH 10. She then commented on the level of improvements authorized for design at the last meeting.

Mr. De Leon discussed the City's standards for assuming maintenance of improvements. He said any improvements in excess of City standards require an agreement with another party for maintenance in order to obtain City plan approval. Mr. De Leon then commented on the purposes and functions of management districts and tax increment reinvestment zones. He also commented on previous discussions

regarding Lumpkin Road drainage improvements north of Westview. Mr. Ortega discussed the drainage analysis previously completed and the decision to include drainage improvements north of Westview to accommodate drainage improvements planned for the south side of IH 10. In response to a question from the Board, Mr. Gillis said MCMD is willing to maintain improvements south of Westview within MCMD's boundaries. Council Member Stardig reported on discussions with Spring Branch Management District regarding maintenance of improvements north of Westview, if design plans change to include such improvements.

Discussion ensued regarding the drainage and landscaping improvements for Lumpkin Road, the Authority budget and future increment revenue, and the City's annexation of Lumpkin Road north of Westview into the boundaries of Tax Increment Reinvestment Zone No. 17 ("TIRZ 17"). Ms. Holoubek said the City's legal department indicated the property north of Westview must be annexed into TIRZ 17 prior to construction of any landscaping improvements north of Westview. The Board discussed the possibility of increasing the size and/or scope of the proposed Lumpkin Road landscaping improvements.

After discussion, Director Freels moved to authorize SWA Group to work with MCMD to prepare a recommendation for landscaping design standards, based on the type and size of street and consistency on both sides of IH 10. Director Rickel seconded the motion, which passed unanimously.

Ms. Holoubek presented a Right of Entry Agreement with Houston Community College for Lumpkin Road landscaping and seating improvements planned for property owned by Houston Community College. After review and discussion, Director Airola moved to approve the Right of Entry Agreement with Houston Community College. Director Rickel seconded the motion, which carried by unanimous vote.

12. W140 Detention Basin Project

Ms. Holoubek discussed the post-closing agreement with the entity that sold the Briar Branch detention basin property to the Authority, which requires the Authority to escrow six months of maintenance costs following completion of construction of the detention facilities on the property. She presented an Escrow Agreement between the Authority and the seller for the Board's consideration. After discussion and review, Director Tucker moved to approve the Escrow Agreement with KFP Ltd. Director Rickel seconded the motion, which carried unanimously.

Mr. Ali updated the Board regarding the Briar Branch detention basin package by L.N. McKean, Inc. He reviewed and recommended payment of Pay Estimate No. 5 in the amount of \$688,422.25. Following review and discussion and based upon the

engineer's recommendation, upon a motion made by Director Rickel and seconded by Director Tucker, the Board voted unanimously to approve Pay Estimate No. 5 in the amount of \$688,422.25 to L.N. McKean, Inc.

13. Barryknoll East Improvement Project

Mr. Ali updated the Board on the Barryknoll East roadway and drainage improvement project by Texas Sterling Construction Co. ("Texas Sterling"). He reviewed and recommended payment of Pay Estimate No. 9 in the amount of \$101,158. Following discussion and review and based upon the engineer's recommendation, Director Rickel moved to approve Pay Estimate No. 9 in the amount of \$101,158 to Texas Sterling. The motion was seconded by Director Tucker and carried unanimously.

14. W-140 Channel Improvements Project

Mr. Huml gave a presentation to the Board regarding the proposed Briar Branch channel improvements project from Gessner to the Briar Branch detention basin. The Board reviewed a proposal from Klotz in an amount not to exceed \$713,800 for phase II detailed design services for the project. Director Freels suggested including storm water quality features in the design plans. Mr. Huml reviewed letters from the U.S. Army Corps of Engineers and the Harris County Flood Control District ("HCFCD") regarding the project. Mr. Ortega discussed the HCFCD requirements for box culverts and right-of-way acquisition. He said the three tracts to be acquired, as required by the HCFCD for access and maintenance, are located outside the TIRZ 17 boundaries. Ms. Holoubek said she will discuss the matter with the City's legal department.

Discussion then ensued regarding the "InfoWorks" software used by LAN for the RDS and the "SWMM" software used by the City and proposed to be used by Klotz for the phase II design. Mr. Struzick said the City uses "SWMM" for its storm sewer modeling. He added, however, that the City and the HCFCD are able to accept plans prepared using the "InfoWorks" software. Mr. Ortega said "InfoWorks" software was utilized for the drainage analysis due to its ability to incorporate overland sheet flow. Mr. Struzick said Klotz can prepare the phase II design plans using the "SWMM" software and input the plan data into the RDS. He said he will request Board approval prior to proceeding if he determines the work to input the plans into the RDS cannot be done within the budget provided in the proposal from Klotz.

After review and discussion, Director Freels moved to approve the proposal from Klotz in an amount not to exceed \$713,800 for phase II detailed design services for the Briar Branch channel improvements project from Gessner to the Briar Branch detention basin. Director Givens seconded the motion, which passed unanimously.

15. Executive Director's Report

Mr. Huml reported regarding his work for the Authority during the prior month. Council Member Pennington encouraged the Board to coordinate with other affected groups on plans for Memorial Drive improvements.

16. Convene in Executive Session Pursuant to Section 551.074, Texas Government Code, to Deliberate the Appointment, Employment, Evaluation, Reassignment, Duties, Discipline, or Dismissal of a Public Officer of Employee

At 9:33 a.m., Director Givens announced the Board would meet in executive session to deliberate the appointment, employment, evaluation, and duties of an employee.

17. Reconvene in Open Session and Authorize Appropriate Action Regarding the Appointment, Employment, Evaluation, Reassignment, Duties, Discipline, or Dismissal of a Public Officer of Employee

At 9:37 a.m., Director Givens announced the Board would reconvene in open session. No action was taken.

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

At 9:37 a.m., Director Givens announced the Board would meet in executive session to deliberate the purchase, exchange, lease or value of real property.

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

At 9:52 a.m., Mr. Huml announced the Board would reconvene in open session.

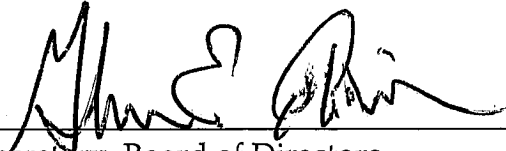
20. Authorize Offer to Purchase Real Property

Director Freels moved to authorize a final offer to purchase real property on behalf of the Authority. Director Rickel seconded the motion, which passed unanimously.

21. Adjournment

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

Approved:

A handwritten signature in black ink, appearing to read "M. E. Davis", written over a horizontal line.

Secretary, Board of Directors

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