

**MINUTES OF THE MEETING OF THE  
TIRZ 17 REDEVELOPMENT AUTHORITY/MEMORIAL CITY REDEVELOPMENT AUTHORITY  
CITY OF HOUSTON, TEXAS  
BOARD OF DIRECTORS**

**December 15, 2015**

**ESTABLISH QUORUM AND CALL MEETING TO ORDER.**

The Board of Directors of the TIRZ 17 Redevelopment Authority/Memorial City Redevelopment Authority, City of Houston, Texas, held a regular meeting on Tuesday, December 15, 2015, at 8:00 a.m., at the Four Points by Sheraton, 10655 Katy Freeway, Wycliffe Room, Houston, Texas 77024, inside the boundaries of the TIRZ, open to the public, and the roll was called of the duly appointed members of the Board, to-wit:

Position 1 – vacant

Position 2 – John Rickel

Position 3 – Bob Tucker, *Asst. Secretary*

Position 4 – Ann T. Givens, *Chair*

Position 5 – Zachary R. Hodges

Position 6 – Brad Freels, *Vice-Chair*

Position 7 – Glenn E. Airola, *Secretary*

and all of the above were present, thus constituting a quorum. Also present were consultants Scott Bean and Linda Clayton, both of Hawes Hill Calderon, LLC; and Jessica Holoubek, Allen Boone Humphries Robinson, LLP. Others attending the meeting were Jennifer Curley, COH - Economic Development; Michelle Lofton, ETI Bookkeeping Services; Muhammad Ali, Lockwood Andrews & Newman, Inc.; Edward Conger, Klotz Associates, Inc.; Jim Webb and Ben Wang, both of The Goodman Corporation; Virginia Blake, McCall Gibson Swedlund Barfoot PLLC; Amy Peck, Chief of Staff CM Stardig; Pat Walters, Memorial City Management District; Tony Sartori and Mike Voinis, Half Associates; Auggie Campbell, West Houston Association; Virginia Gregory, Jim Shroff, David Tresch, Ed Browne, Dean Bixler, Lois Myers, Donna Freedman, Karen Glynn and John Jackson. Chair Givens called the meeting to order at 8:00 a.m.

Chair Givens announced David Hamilton had resigned from the Board.

**RECEIVE PUBLIC COMMENTS.**

Virginia Gregory discussed Briar Branch and Conrad Sauer. She stated the Lipex property was being elevated 18" which would result in more run-off. She stated the straws need to go closer to Westview. Ed Browne discussed the LAN report on the Briar Creek straws. He discussed Metro National raising the property 18" and flooding issues. He stated he wants a new detention pond. Donna Freedman discussed a letter received from Jason Johnson. Lois Myers had questions for Board regarding Springrock Lane straw, Conrad Sauer detention pond and bridge on Bunker Hill.

**APPROVE MINUTES OF OCTOBER 28, 2015, REGULAR MEETING.**

Upon a motion duly made by Director Airola, and being seconded by Director Rickel, the Board voted unanimously to approve the Minutes of the October 28, 2015, Board meeting, as presented.

**RECEIVE FINANCIAL AND BOOKKEEPER'S REPORT, INCLUDING PAYMENT OF INVOICES, REVIEW OF INVESTMENTS AND PROJECT CASH FLOW REPORTS.**

Ms. Lofton presented the financial and bookkeeper's report and went over invoices, included in the Board agenda materials. Upon a motion duly made by Director Rickel, and being seconded by Director Tucker, the Board voted unanimously to accept the financial and bookkeeper's report and approved payment of invoices, as presented.

**RECEIVE AGREED-UPON PROCEDURES REPORT FROM McCALL GIBSON SWEDLUND BARFOOT PLLC FOR PHASE I REIMBURSEMENT OF COSTS PURSUANT TO DEVELOPMENT AGREEMENT WITH LIPEX PROPERTIES, LP; AUTHORIZE REIMBURSEMENT PAYMENT.**

A revised Agreed-Upon Procedures Report for Phase I Reimbursement of Costs pursuant to Development Agreement with Lipex Properties, LP, dated December 15, 2015, was handed out, a copy is attached as Exhibit A. Ms. Blake presented the Agreed-Upon Procedures Report and answered questions. A vote was taken upon reconvening in open session (see below).

**CONVENE IN EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE, TO CONDUCT A PRIVATE CONSULTATION WITH ATTORNEY, WITH REGARD TO PENDING OR CONTEMPLATED LITIGATION; AND CONVENE IN EXECUTIVE SESSION PURSUANT TO SECTION 551.072, TEXAS GOVERNMENT CODE, TO DELIBERATE THE PURCHASE, EXCHANGE, LEASE OR VALUE OF REAL PROPERTY.**

The Board convened in executive session at 8:18 a.m.

**RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION REGARDING PRIVATE CONSULTATION WITH ATTORNEY, WITH REGARD TO PENDING OR CONTEMPLATED LITIGATION; AND RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION REGARDING THE PURCHASE, EXCHANGE, LEASE OR VALUE OF REAL PROPERTY.**

The Board reconvened in open session at 8:49 a.m. Upon a motion duly made by Director Airola, and being seconded by Director Freels, the Board voted to approve the Agreed-Upon Procedures Report for Phase I Reimbursement for Costs Pursuant to Development Agreement with Lipex Properties, LP and authorize disbursement of funds subject to a receipt executed by Lipex Properties, LP. Directors Givens, Hodges, Freels and Airola voted aye. Directors Rickel and Tucker voted nay. The motion passed.

**RECEIVE ENGINEER'S REPORT FROM LAN INCLUDING:**

- a. Lumpkin Road Improvements Project construction status;**

Mr. Ali provided an update on the Lumpkin Road improvements project, and answered questions.

- b. Consider approval of time modifications, changes in work or pay applications;**

Mr. Ali reviewed pay application number 10 from SER Construction Partners, included in the Board agenda materials. He reported LAN had reviewed the estimate and was recommending it for approval. Upon a motion duly made by Director Airola, and being seconded by Director Tucker, the Board voted unanimously to approve the pay application no. 10 from SER Construction Partners in the amount of \$1,287,382.34, as presented.

**c. Presentation and technical memorandum on the Briar Branch (W140) Straws Evaluation; and**

A copy of the Briar Branch (W140) Straws Evaluation was included in the Board agenda materials.

**d. Other engineering matters and projects.**

Mr. Ali provided an update on the Town & Country West Mobility & Drainage project, and answered questions. He reported LAN was finalizing the 90% design and would be submitting it next week. No action from the Board was required.

**RECEIVE ENGINEER'S REPORT FROM KLOTZ ASSOCIATES INCLUDING:**

- a. Updates on W140 Channel Improvements and related flood mitigation improvements;**
- b. Updates on North Gessner; and**
- c. Other engineering matters and projects.**

Mr. Conger provided status reports on the W140 Channel Improvements and North Gessner, included in the Board agenda materials, and answered questions. Director Rickel asked what the impact of neighborhoods to the North of I-10. Mr. Conger stated there was no impact. No action from the Board was required.

**CIP UPDATE.**

Mr. Bean stated Public Works has submitted comments to the Economic Development Department at the City; however, he has yet to receive them. There was general discussion regarding the anticipated timeline in receiving the comments. No action from the Board was required.

**REPORT ON RESPONSE TO REQUEST FOR QUALIFICATIONS FOR CIVIL ENGINEERING SERVICES.**

Mr. Bean reported he had received six responses to the request for qualifications for civil engineering services. He recommended appointing a Committee to review the responses and make a recommendation at the next Boarding meeting. Upon a motion duly made by Director Rickel, and being seconded by Director Airola, the Board voted unanimously to appoint Directors Freels and Rickel to the Committee to review the responses to the request for qualifications for civil engineering services, to make an overall review of the Authority's engineer sources and to make a recommendation at the next Board meeting.

**RECEIVE SWA PROJECT STATUS REPORT.**


The SWA Project Status Report is included in the Board agenda materials. No action from the Board was required.

**RECEIVE TIP CALL FOR PROJECTS UPDATE FROM THE GOODMAN CORPORATION AND PRESENTATION ON GRANT ELIGIBLE PROJECTS.**

Mr. Webb provided a presentation on the TIP Call for projects, a copy has been uploaded to the Authority's website. No action from the Board was required.

**ADJOURNMENT.**

There being no further business to come before the Board, Chair Givens adjourned the meeting at 9:33 a.m.

  
\_\_\_\_\_  
Secretary

**List of Exhibits:**

- A. Revised draft of Report on Applying Agreed-Upon Procedures to Design and Related Costs Reimbursable to Lipex Properties, L.P., dated December 15, 2015

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**MEMORIAL CITY REDEVELOPMENT AUTHORITY**

REPORT ON APPLYING AGREED-UPON PROCEDURES TO

DESIGN AND RELATED COSTS REIMBURSABLE

TO LIPEX PROPERTIES, L.P. (DEVELOPER)

DECEMBER 15, 2015

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**MEMORIAL CITY REDEVELOPMENT AUTHORITY**  
REPORT ON APPLYING AGREED-UPON PROCEDURES TO  
DESIGN AND RELATED COSTS REIMBURSABLE  
TO LIPEX PROPERTIES, L.P. (DEVELOPER)  
DECEMBER 15, 2015

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(DEVELOPER)

A

SCHEDULE COMPARING ACTUAL REIMBURSABLE  
COSTS WITH EXHIBIT B OF THE DEVELOPMENT  
AGREEMENT

B

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December 15, 2015

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Board of Directors  
Memorial City Redevelopment Authority  
City of Houston, Texas

Independent Accountant's Report  
on Applying Agreed-Upon Procedures

We have performed the procedures enumerated below, which were agreed to by the Board of Directors of Memorial City Redevelopment Authority (the "Authority") on the invoices and schedules submitted by Metro National Corporation on behalf of Lipex Properties, L.P. (the "Developer") for Phase 1 design and related costs of improvements related to the Conrad Sauer detention pond and Mathewson Lane right-of-way. The responsible parties for this report are the intended users of the report. This agreed-upon procedures engagement is for the purpose of complying with the requirements of the Agreement and was performed solely to assist you in evaluating the reasonableness of those costs. This report is not to be used for any other purpose.

This engagement to apply agreed-upon procedures was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Board of the Authority or the City. Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose for which this report has been requested or for any other purpose. The procedures performed are summarized as follows:

- A. We reviewed certain schedules and supporting invoices submitted by the Developer in substantiation of the costs to be reimbursed. Our review included all documentation supporting items, amounts, and proof of payment for which reimbursement was requested. In addition, we reviewed all agreements provided to us relative to the reimbursement request.



- B. We verified the mathematical accuracy of all engineering invoices greater than \$5,000.
- C. We reviewed the computation of certain costs, looking for any amounts required to be paid 100% by the Developer, in accordance with the Development Agreement. Any costs required to be paid by the Developer were deducted.
- D. We prepared a schedule to calculate interest at the interest rate of the Authority's Development Agreement.
- E. We prepared a reimbursement report for the benefit of the Authority, including the accountant's report and schedule of amounts reimbursable to the Developer, and have compared the amounts for approved costs with the actual reimbursable costs to complete the project.

The attached Schedule A titled "Schedule of Design and Related Costs Reimbursable to Lipex Properties, L.P. (Developer)", sets forth their reimbursable costs. This reimbursement is in accordance with the terms and conditions of the Development Agreement between the Authority and the Developer dated September 24, 2014.

Metro National, on behalf of and as General Partner of the Developer, originally submitted a schedule for reimbursement totaling \$1,049,856.47 which included \$13,293.09 in developer interest, calculated at an interest rate of 4.0% through August 28, 2015. We have revised the reimbursable amount to \$1,055,716.93, including interest of \$19,755.80. Interest was calculated at 4.0%, in accordance with the Development Agreement through the funding date of October 28, 2015. The following changes were made to the Developer's original schedule:

- 1. We re-calculated interest in accordance with the Development Agreement dated September 24, 2014. In that agreement, the interest rate is to be the lesser of 4% or the rate of interest imposed by the Developer's lender. The Developer has indicated that 4% is the rate to be used. The Developer agreed that interest was limited to the funding date of October 28, 2015. That calculation resulted in an increase of \$6,462.71.
- 2. We deducted sales tax for boundary surveys of \$272.25. The Authority is not subject to sales tax.
- 3. Land costs are not reimbursable under the agreement, so we deducted \$330.00 for attorney fees related to easements.

Schedule B compares the actual reimbursable costs due the Developer with Exhibit B of the Development Agreement.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the aforementioned reimbursable costs. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the Board of Directors and is not intended to be and should not be used by anyone other than this specified party. However, this report is a matter of public record and its distribution is not limited. This report should not be associated with the presentation of any financial data of the City or the Authority except to comply with filing requirements as required by the respective agreements.

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McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants  
Houston, Texas

AUP Report 2015 Reimb

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**MEMORIAL CITY REDEVELOPMENT AUTHORITY**  
SCHEDULE OF DESIGN AND RELATED COSTS  
REIMBURSABLE TO LIPEX PROPERTIES, L.P. (DEVELOPER)  
DECEMBER 15, 2015

(SEE ACCOMPANYING DISCLAIMER OF OPINION AND  
EXPLANATION OF AGREED-UPON PROCEDURES PERFORMED)

<u>DESCRIPTION</u>		<u>TOTAL REIMBURSABLE COST</u>
<b>Klotz Associates Inc.</b>		
Design, Project Management, Landscaping, Structural, Geotech, Plat and Expenses for Conrad Sauer Detention Improvements and Mathewson Lane Right-of-Way		
Amount Paid by Developer	\$ 980,141.20	
Less: Phase II Cost for Future Reimbursement	<u>14,680.07</u>	\$ 965,461.13
<b>B.B. Development, Inc.</b>		
Consultant for Conrad Sauer Detention Improvements and Mathewson Lane Right-of-Way		
Amount Paid by Developer		60,000.00
<b>Windrose Land Services, Inc.</b>		
Boundary Surveys, City Planning Letter Conrad Sauer Detention Improvements and Mathewson Lane Right-of-Way		
Amount Paid by Developer	\$ 10,772.25	
Less: 100% Developer Item	<u>272.25</u>	<u>10,500.00</u>
<b>TOTAL AMOUNT REIMBURSABLE TO LIPEX PROPERTIES, L.P. AS OF DECEMBER 15, 2015</b>		<u><u>\$ 1,035,961.13</u></u>

\* Interest rate in accordance with the Development Agreement dated September 24, 2014

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<u>ACCRUED INTEREST AT 4.0%*</u>	<u>TOTAL REIMBURSABLE</u>
\$ 18,347.20	\$ 983,808.33
1,112.88	61,112.88
<u>295.72</u>	<u>10,795.72</u>
<u>\$ 19,755.80</u>	<u>\$ 1,055,716.93</u>

**MEMORIAL CITY REDEVELOPMENT AUTHORITY**  
**SCHEDULE COMPARING ACTUAL REIMBURSABLE COSTS**  
**WITH EXHIBIT B OF THE DEVELOPMENT AGREEMENT**  
**DECEMBER 15, 2015**

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(SEE ACCOMPANYING DISCLAIMER OF OPINION AND  
EXPLANATION OF AGREED-UPON PROCEDURES PERFORMED)

<u>DESCRIPTION</u>	<u>ESTIMATED COSTS EXHIBIT B</u>	<u>REIMBURSABLE TO LIPEX PROPERTIES, L.P. AS OF DECEMBER 15, 2015</u>	<u>ESTIMATED ADDITIONAL COST TO COMPLETE</u>
<b>PROJECT ITEMS</b>			
Phase 1 - 30% Design of Conrad Sauer Detention Improvements and Mathewson Lane Right-of-Way	\$ 829,591	\$ 1,035,961	\$ -
Developer Interest		19,756	
<b>TOTAL PROJECT ITEMS</b>	<b>\$ 829,591</b>	<b>\$ 1,055,717</b>	<b>\$ -</b>

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<u>TOTAL ACTUAL COSTS TO DATE AND ESTIMATED ADDITIONAL COST TO COMPLETE</u>	<u>ACTUAL OVER (UNDER) ESTIMATE</u>	<u>% VARIANCE OVER (UNDER) ESTIMATE</u>
\$ 1,035,961	\$ 206,370	25.00%
<u>19,756</u>	<u>19,756</u>	100.00%
<u>\$ 1,055,717</u>	<u>\$ 226,126</u>	