MINUTES OF REGULAR MEETING
OF
HARRIS COUNTY IMPROVEMENT DISTRICT NO. 3

JANUARY 15, 2019

THE STATE OF TEXAS

COUNTY OF HARRIS

The Board of Directors (the "Board") of Harris County Improvement District No. 3 (the "District") met in regular session, open to the public, on the 15th day of January, 2019, at the regular meeting place, inside the boundaries of the District, and the roll was called of the duly constituted officers and members of the Board, to-wit:

Robert Axelson             President
Albert P. Keller           Vice President
Robert H. Schultz          Secretary/Treasurer
Lias J. ("Jeff") Steen     Director
Patricia Ann Chesnick      Director

and all of the said persons were present, except Director Axelson, thus constituting a quorum.

Also attending all or portions of the meeting were Sergeant Paul Martinez of Houston Metro Coordinators ("HMC"); Marvin Warren; Jim Webb of The Goodman Corporation ("TGC"); Jamie Brewster; Travis Younkin, Sharon Haynie, and Julia Gee of the District; and Laura C. Davis and Susan Demiany of Sanford Kuhl Hagan Kugle Parker Kahn LLP ("SKLaw").

In the absence of the President, Vice President Keller called the meeting to order.

APPROVE MINUTES

The Board first considered approving the minutes of the November 13, 2018, meeting. Upon motion by Director Chesnisk, seconded by Director Schultz, and after full discussion, the Board voted unanimously to approve the minutes.

RECEIVE COMMENTS OR QUESTIONS FROM THE PUBLIC

The next item on the agenda was to receive comments or questions from the public. There were no comments or questions from the public.

RECEIVE SECURITY AND PATROL SERVICES REPORT

The next item on the agenda was to receive the security and patrol services report. Sergeant Martinez reviewed with the Board the monthly activity report for December, noting a new report format that includes a revised summarization of monthly activity. He also reviewed annual statistics and comparisons to prior years.

Sergeant Martinez then left the meeting.

RECEIVE REPORT ON FEDERAL/STATE/LOCAL FUNDING DEVELOPMENT AND MANAGEMENT

Mr. Webb advised that work continues on the parking study. He reviewed with the Board a Metroquest parking survey currently being distributed to the public. He advised the survey will provide valuable information on parking issues, modes of transportation, and peak travel times. He discussed public
access to and availability of the survey. Director Keller requested that a link to the Upper Kirby newsletter be included on the survey site.

Mr. Webb updated the board on H-GAC anticipated grant funding. He discussed current funding allocation concerns, noting that it appears approximately 40% of upcoming funding will go to TxDOT rather than counties and municipalities. He advised, however, that funding priorities may change after the public comment period, which will be January 16th through February 8th. He also reviewed possible impact on the West Alabama project application.

**RECEIVE PROPERTY TAX ADVISOR REPORT**

The Board then received the Property Tax Advisor Report.

**Receive general report**

Mr. Warren reviewed historical property valuations and prior taxes levied. He updated the Board on 2018 certification values, advising that the 2018 levy is expected to be approximately $4,143,395. He also discussed the impact of litigation, advising that he anticipates a reduction in the tax roll of approximately 8%. Director Steen noted that even with the litigation impact, the District was able to lower the tax rate approximately 10% over the past three years.

**Confirm Delinquent Tax Attorney**

The next item on the agenda was to confirm the employment of the collection attorney for delinquent tax payments. Ms. Davis advised that the District is required by the Tax Code to employ a collection attorney for delinquent tax payments in order to assess the penalty on delinquent taxes after July 1, and that the District currently has a Contract for Collection of Delinquent Taxes with Linebarger Goggin Blair & Sampson, L.L.P. ("Linebarger"). Upon motion by Director Schultz, seconded by Director Steen, and after full discussion, the Board voted unanimously to confirm the continued employment of Linebarger as the collection attorney for delinquent tax payments for the District.

**Adopt Order Providing for Additional Penalty for Tax Collection Costs**

The next item on the agenda was to consider adoption of a proposed Order Providing for Additional Penalty for Tax Collection Costs [GO 2019-1]. Upon motion by Director Schultz, seconded by Director Chesnick, and after full discussion, the Board voted unanimously to adopt the Order Providing for Additional Penalty for Tax Collection Costs [GO 2019-1], which implements such penalties, including an additional penalty of 20% on real property taxes remaining delinquent on July 1, 2019, and on personal property taxes remaining delinquent on April 1, 2019.

**Adopt Order Concerning Tax Collection Procedures**

The Board next considered adoption of a proposed Order Concerning Tax Collection Procedures [GO 2019-2]. Upon motion by Director Schultz, seconded by Director Steen, and after full discussion, the Board voted unanimously to adopt the Order Concerning Tax Collection Procedures [GO 2019-2], reflecting that split payment of taxes not be granted, and a discount for early payment of taxes not be granted.

**Adopt Order Concerning Exemptions from Taxation**

The Board next considered adoption of an Order Concerning Exemptions from Taxation [GO 2019-3]. Upon motion by Director Schultz, seconded by Director Steen, and after full discussion, the Board voted unanimously to adopt an Order Concerning Exemptions from Taxation [GO 2019-3], which exempts from property taxation by the District $15,000 of the appraised value of the residence homestead of an individual who is disabled or is sixty-five years of age or older pursuant to Section 11.13 of the Property Tax Code, and twenty percent (20%) of the appraised value of the residence homestead of an individual pursuant to
Article VIII, Section 1-b, of the Texas Constitution, and Section 11.13 of the Tax Code; and also provides that an exemption for qualified charitable organizations not be granted.

PROJECT REPORTS

Mr. Younkin then reviewed the written project status report.

Westheimer Drainage System Improvements from Kirby to Buffalo Speedway – Roadway Package

Mr. Younkin updated the Board on the Westheimer drainage system improvements between Kirby and Buffalo Speedway. He advised the project remains substantially complete at 93%, and that the contractor has completed all punch list items and continues to await completion of the Lamar High School improvements so that remaining District and Authority work in front of the School can be completed.

Bissonnet Reconstruction from Kirby to Buffalo Speedway – Roadway Package

Mr. Younkin updated the Board on the Bissonnet reconstruction. He advised the project is approximately 67% complete, and that all roadway work between Buffalo Speedway and Kirby Drive is complete. He further advised that CNP has completed service conversions to underground, and the contractor continues to remove poles.

Eastside Improvements

Mr. Younkin updated the Board on the TxDOT Eastside Street project. He advised the project is now 95% complete, and that the contractor continues to await delivery of certain traffic signal facilities.

Upcoming Projects

Mr. Younkin advised that design work continues on the Shepherd Drive project, noting continued coordination with phased sequencing as required by the City. He advised that it is expected that construction bids will be received in April, with work beginning in May or June.

FACILITIES AND GROUNDS MAINTENANCE REPORT

Receive General Report

Mr. Younkin next updated the Board on facilities and grounds maintenance matters, and reviewed with the Board the work order report and summary for December activity. He advised that most activity was related to holiday lighting.

Mr. Younkin advised that a prototype for new phone booth window pane has been installed at the Wells Fargo Bank location, and uses a large window pane rather than several smaller panes, which should be more durable.

FINANCIAL MATTERS

Receive Bookkeeping Report

The Board next received the Bookkeeping Report. Ms. Gee submitted and reviewed with the Board a bookkeeping report for activity through December 31, 2018. She noted an increase in streetscape expenses. Mr. Younkin reviewed streetscape expenses, including several medians that were reworked to remove landscaping and install narrow strips of concrete near the intersections, and landscape design changes on Buffalo Speedway. He advised the changes should reduce future maintenance costs significantly.
Upon motion by Director Schultz, seconded by Director Chesnick, and after full discussion, the Board voted unanimously to approve the Bookkeeping Report, and to approve the payment of invoices as presented.

Approve Renewal of Insurance

Ms. Haynie advised that the insurance renewal proposal has not yet been received.

APPROVE RESOLUTION RECOMMENDING DIRECTORS AND REQUESTING COH APPROVAL

The next item on the agenda was to approve a Resolution Recommending Directors and Requesting City of Houston Approval [GR 2019-1]. Ms. Davis reviewed with the Board the Resolution, which requests City approval for expiring Director terms. She noted that the four-year terms of office for Directors Axelson and Chesnick, currently in Positions One and Two, expire in June, 2019.

Upon motion by Director Steen, seconded by Director Schultz, and after full discussion, the Board voted unanimously to approve the Resolution, and to authorize submission to the City for approval.

CONSIDER ADJOURNMENT

The next item on the agenda was to consider adjournment.

There being no further business to come before the Board, the meeting was adjourned.

[Signature]
Secretary, Board of Directors