MINUTES OF REGULAR MEETING
OF
HARRIS COUNTY IMPROVEMENT DISTRICT NO. 3
FEBRUARY 19, 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 19th day of February, 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, thus constituting a quorum.

Also attending all or portions of the meeting were Marvin Warren; Jim Webb of The Goodman Corporation ("TGC"); Jamie Brewster; Julia McCain of McCall Gibson Swedlund Barfoot, PLLC; Travis Younkin, Sharon Haynie, and Julia Gee of the District; and Laura Davis and Susan Demian of Sanford Kuhl Hagan Kugle Parker Kahn LLP ("SKLaw").

President Axelson called the meeting to order.

APPROVE MINUTES

The Board first considered approving the minutes of the January 15, 2019, meeting. Upon motion by Director Keller, seconded by Director Chesnick, 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. In the absence of Sergeant Paul Martinez, Mr. Younkin reviewed with the Board the monthly activity report for January, noting hot spot areas and patrol service efforts with respect to BMVs and auto thefts.

President Axelson requested that Sergeant Martinez send a representative to cover the meeting when he is unable to attend.

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

Mr. Webb updated the board on H-GAC grant funding request efforts. He advised that the current project call remains open, and that H-GAC staff recommendations have included the W. Alabama project
on the contingency list. He stated that more information regarding progress on the W. Alabama project request is expected next month.

Mr. Webb updated the Board on responses to-date on the Metroquest parking survey, advising that over 100 responses have been received in the two and a half weeks the survey has been out, with the target being approximately 300. He advised that he will continue working with the District’s staff on access to the survey, including availability on the District’s website and social media.

Approve Fourth Amendment to contract expanding services [TGC Consulting Agreement]

Mr. Webb reviewed with the Board the fourth amendment to the TGC Consulting Agreement, and the Scope of Services. He advised that the additional services include the maintenance of existing grants, identification of projects for CMAQ funds, pursuit of additional grants, and construction administration and federal compliance relating to the Shepherd/Farnham project. Mr. Younkin advised that the Scope of Services will carry through approximately two years, and will include the pursuit of additional federal funds.

Upon motion by Director Keller, seconded by Director Steen, and after full discussion, the Board voted unanimously to approve the fourth amendment to the TGC Consulting Agreement.

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 $4,144,406.03, and that approximately $17,550.00 remains uncertified.

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 that bus loading areas will be shifted after school is out for the summer so that the UKRA improvements 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 now approximately 70% complete, and that back-of-curb work is ongoing. He advised the project is expected to be substantially complete by next month.

Eastside Improvements

Mr. Younkin updated the Board on the TxDOT Eastside Street project. He advised the contractor has installed the traffic signal facilities, and the City is expected to turn service on next week.

Shepherd Drive Streetscape/Landscape Improvements

Mr. Younkin updated the Board on the Shepherd Drive streetscape/landscape improvements. He again reviewed the sequencing plans and project pricing matters.
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 January activity. He discussed paver failures at the intersection of Westheimer and Shepherd Drive due to high automobile and bus traffic. He advised that some issues were related to installation, which is covered under the contractor's warranty. He noted a different installation pattern is under consideration for future installations, which may produce better durability.

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 January 31, 2019. Upon motion by Director Schultz, seconded by Director Steen, 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 Policies

Ms. Haynie reviewed with the Board an insurance policy renewal summary, which reflects a decrease in premium for workers compensation due in part to the removal of police officers from the payroll. Upon motion by Direct Steen, seconded by Director Chesnick, and after full discussion, the Board voted unanimously to approve the insurance renewal package.

Approve Audit

The next item on the agenda was to approve the audit for the fiscal year ended October 31, 2018. Ms. McCain reviewed with the Board a draft of the audit and answered questions. Upon motion by Director Schultz, seconded by Director Keller, and after full discussion, the Board voted unanimously to approve such audit, subject to final review by the District's staff and attorney, and to authorize filing of the audit upon completion with all required government entities and in the offices of the District.

Authorize Filing of Official Statement Supplement (Continuing Disclosure)

The next item on the agenda was to authorize filing of the Official Statement Supplement for the Series 2013 Bonds in compliance with Securities and Exchange Commission ("SEC") Rule 15c 2-12. Ms. Davis advised that the SEC Rule requires that the District update and disclose certain financial and tax data in connection with the District's outstanding debt. She stated that SKLaw will finalize the report, as previously authorized by the Board, and requested that the Board authorize filing of such report, which would allow the District to comply with SEC Rule 15c 2-12.

Upon motion by Director Steen, seconded by Director Keller, and after full discussion, the Board voted unanimously to authorize SKLaw to file the above-described report upon completion.

Adopt Order Evidencing Review of Investment Policy

The Board then considered the adoption of an Order Evidencing Review of Investment Policy [GO 2019-4]. Ms. Davis reviewed with the Board the terms of the Investment Policy, noting that the District is required by the Public Funds Investment Act to review said Policy annually, but that there are no recommended changes to such policy at this time.
The Board concurred to make no changes to such Policy at this time. Upon motion by Director Keller, seconded by Director Schultz, and after full discussion, the Board voted unanimously to adopt the Order Evidencing Review of Investment Policy [GO 2019-4].

Adopt Order Adopting List of Qualified Brokers

The next item on the agenda was to adopt an Order Adopting List of Qualified Brokers [GO 2019-5]. The Board reviewed the list of all qualified brokers with which the District could engage in investment transactions, in compliance with Section 2256.025 of the Texas Government Code. Upon motion by Director Steen, seconded by Director Schultz, and after full discussion, the Board voted unanimously to adopt an Order Adopting List of Qualified Brokers [GO 2019-5].

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