

# MINUTES OF REGULAR MEETING OF HARRIS COUNTY IMPROVEMENT DISTRICT #1

DECEMBER 5, 2012

THE STATE OF TEXAS   §  
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COUNTY OF HARRIS   §

The Board of Directors of Harris County Improvement District #1 (the "District") held a meeting of the Board of Directors at 2:30 p.m. on the 5<sup>th</sup> day of December, 2012 at Two Post Oak Central, 1980 Post Oak Boulevard, Suite 1580, Houston, Texas, 77056, within the boundaries of the District, and the roll was called of the members of the Board, to wit:

David Anderson  
Patty Bender  
Todd H. Casper  
Martin Debrovner  
Steven D. Lerner  
Kendall A. Miller  
Mary Catherine Miller  
John Mooz  
Lisa Simon  
Kerr Taylor  
Jim Wilson  
Ed Wulfe

and all of said directors were present except Directors Anderson, Mooz, and Wilson, thus constituting a quorum. Also present at the meeting were Mr. John Breeding, President of Harris County Improvement District #1, Mr. Robert Taube, Mr. Stephen Wood, Ms. Delia Mizwa, Ms. Shannon Daniels, Ms. Betsy Kirkgard, Mr. Bob Ethington and Ms. Lauren Anderson with Harris County Improvement District #1; Mr. Chuck Yapple of Whitleypenn; and Mr. Eugene Shepherd and Mr. David Smalling of RBC Capital Markets

## APPROVE MINUTES OF OCTOBER 24, 2012 BOARD OF DIRECTORS MEETINGS

Kendall A. Miller, Chairman, called the meeting to order and asked the members to read the Minutes of the October 24, 2012 meeting. Director Taylor moved that the Board approve the Minutes as written. Director Wulfe

seconded the motion, which was approved by unanimous consent.

#### CONSIDER APPROVAL OF THE FY-2012 AUDIT

Mr. Breeding asked Mr. Chuck Yaple of Whitleypenn to discuss the FY-2012 Audit. Mr. Yaple advised the Board that the Audit has two parts: the Financial, which is unqualified, and the Federal single-audit. The Auditors had comments about the single-audit regarding compliance issues for retainage and grant management; internal review control; and an annual risk assessment.

Director Debrovner moved that the Audit be approved. Director Lerner seconded the motion, which was approved by unanimous consent.

#### AUTHORIZE PREPARATION OF AND APPROVE ANNUAL REPORT AND AUTHORIZE FILING OF SAME IN ACCORDANCE WITH THE DISTRICT'S CONTINUING DISCLOSURE OF INFORMATION AGREEMENT AND AS REQUIRED BY SEC RULE 15c2-12

Mr. Breeding asked Trey Lary, the District's attorney to discuss the report. Mr. Lary explained that, in connection with the issuance of the District's bonds, the District agreed (the "Continuing Disclosure Undertaking") to provide updated annual financial information, operating data and audited financial statements (the "Annual Reports") and certain material event notices ("Material Event Notices") to certain nationally recognized municipal securities information repositories ("NRMSIRs") and the appropriate state information depository ("SID") in accordance with United States Securities and Exchange Commission (the "SEC") Rule 15c2-12 (the "Rule"). He stated that, effective July 1, 2009, the SEC has amended the Rule (the "Amendment") to provide that annual financial and operating information, audited financial statements and material event notices shall only be filed through an electronic system administered by the Municipal Securities Rulemaking Board ("MSRB"). The MSRB, in accordance with the Amendment, has established the Electronic Municipal Market Access System ("EMMA") to receive annual financial information and operating data, audited financial statements, and certain material event notices. He added that when the District issued each series of bonds, the District reserved the right to amend the Continuing Disclosure Undertaking in the event that the SEC amended the Rule. He then presented an amendment to the District's Continuing Disclosure Undertaking to provide that the District will file all Annual Reports and Material Event Notices with the MSRB through EMMA in accordance with the Rule, as amended. He explained that, as provided in the amended Rule, the District shall no longer file its Annual Reports of Material Event Notices with any other NRMSIR or the SID for the State of Texas (the Texas Municipal Advisory Council). He reviewed an Annual Report containing updated financial and operating data to be filed with the MSRB and the Texas Municipal Advisory Council.

After review and discussion, Director Simon moved to approve the preparation of the Annual Report and to authorize the District's attorney to submit the District's updated financial and operating data in compliance with the continuing disclosure provisions contained in the bond resolutions, and direct that the Annual Report be filed appropriately and retained in the District's official records. Director Wulfe seconded the motion, which passed unanimously.

#### CONSIDER ADOPTING A RESOLUTION AUTHORIZING PRELIMINARY ACTIONS TOWARDS THE ISSUANCE OF BONDS

Mr. Gene Shepherd, the District's Financial Advisor, discussed with the Board a refunding of bonds. After the discussion, Director Bender moved that the Board approve the preparation of documents. Director Simon seconded the motion, which was approved by unanimous consent.

#### CONSIDER APPROVAL OF A SERVICE AGREEMENT WITH THE UPTOWN HOUSTON ASSOCIATION

Mr. Stephen Wood advised the Board that, due to new IRS rules, the Uptown Houston Association will now be paying the off-duty police officers. The District will have a service agreement with the Association to reimburse all costs incurred by the Association for this program.

Director Wulfe moved that the Board approve a service agreement with the Uptown Houston Association. Director Lerner seconded the motion, which was approved by unanimous consent.

#### DISCUSS POSSIBLE EXTENSION AND EXPANSION OF REINVESTMENT ZONE NUMBER SIXTEEN, CITY OF HOUSTON, (THE UPTOWN REINVESTMENT ZONE) AND POSSIBLE IMPACTS ON HCID#1 OPERATIONS

Mr. Breeding discussed with the Board six points regarding the extension / expansion.

- Efficient 20-year bond financing of Post Oak Boulevard will require an extension to 2040 (11 years);
- *Renew Houston* constrains the City's CIP;
- Existing Uptown TIRZ projects will be completed by 2020;
- Extension to 2040 will provide additional funds;
- Memorial Park / Buffalo Bayou – infrastructure (pedestrian and bike paths, roads, etc.), erosion control, reforestation and improved Uptown access will be addressed; and,
- Improved east / west thoroughfares will enhance access.

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

(SEAL)

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Secretary, Board of Directors