

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

OCTOBER 24, 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 24th day of October, 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, M.C. Miller, Mooz, Wilson and Wulfe, 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 of Harris County Improvement District #1; and Mr. David Smalling of RBC Capital Markets

APPROVE MINUTES OF OCTOBER 3, 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 3, 2012 meeting. Director Bender moved that the Board approve the Minutes as written. Director Lerner

seconded the motion, which was approved by unanimous consent.

CONDUCT A PUBLIC HEARING ON PROPOSED 2012 DISTRICT TAX RATES

Mr. Miller convened a public hearing on the proposed 2012 District tax rates. Mr. Breeding explained the historical and projected estimate of assessed value and the resultant tax impact. He presented the financial advisor's 2012 tax recommendation and Debt Service Fund Management index, which are attached hereto and shall be considered as part of these Minutes. The 2012 debt service and operations tax rates were outlined, based on the current assessed value projection. The recommendation was to retain the current budget assumptions and levy a tax rate for debt service of \$0.0312 per \$100 of assessed valuation and a maintenance tax of \$0.1123 per \$100 assessed valuation for the tax year 2012.

After a discussion of tax values, Chairman Miller closed the public hearing.

ADOPT ORDER LEVYING TAXES FOR 2012

The Board next considered adopting an order levying taxes for the 2012 tax year. Mr. Breeding reviewed the *Order Levying Taxes*, which is attached hereto and shall be considered as part of these Minutes, which would establish the maintenance tax rate at \$0.1123 per \$100 of assessed valuation and establish the debt service tax rate at \$0.0312 per \$100 of assessed valuation per the recommendation of the District's financial advisor.

Director Casper moved that the Board approve the *Order Levying Taxes* for tax year 2012. Director Debrovner seconded the motion, which was approved by unanimous consent.

AMEND THE DISTRICT INFORMATION FORM AND AUTHORIZE APPROPRIATE ACTION

Mr. Breeding stated that an *Information Form with a Notice to Purchasers* is maintained in the Harris County deed records to inform property owners and prospective purchasers of property within the District of the District's current tax rate and bond authorization.

Director Bender moved that the Board approve the District Information Form, which is attached hereto and shall be considered as part of these Minutes. Director Simon seconded the motion, which was approved by unanimous consent.

APPROVE THE QUARTERLY INVESTMENT REPORT

Ms. Daniels presented the Quarterly Investment Report showing the amount and location of the District's monies at the end of September, 2012 for the Board's review.

REVIEW THE 1ST QUARTER BUDGET STATUS

Ms. Daniels presented the 1st Quarter Budget status for the Board's review.

CONSIDER APPROVAL OF A LEASE EXTENSION AND THE POSSIBLE EXPANSION OF LEASED SPACE FOR THE DISTRICT'S WAREHOUSE FACILITY

Mr. Breeding advised the Board that the current lease for the District's warehouse space was expiring at the end of October, 2012. He explained that there is an additional 5,850 sq. ft. available at the facility which would alleviate some of the crowding due to the storage of pedestrian lights, Christmas tree bases and other equipment being assembled there. After discussion, Director Bender moved that the Board approve the lease extension and possible expansion. Director Lerner seconded the motion, which was approved by unanimous consent.

ACCEPT PETITION(S) FOR ADDITION OF CERTAIN LAND; AUTHORIZE EXECUTION AND FILING OF PETITION(S) FOR CONSENT TO ANNEX LAND

Mr. Breeding told the Board that petitions had been received from Midway Eastside Partners, L.P.; Midway Metro, L.P.; Midway Rayford Partners, L.P. and T+H Land Holdings, Ltd. requesting the annexation of their tracts of land. After discussion, Director Casper moved that the Board accept the Petition(s) for Addition of Certain Land, Authorize Execution and Filing of Petition(s) for Consent to Annex Land. Director Lerner seconded the motion, which was approved by unanimous consent.

DISCUSS POSSIBLE EXPANSION OF THE UPTOWN TIRZ, CHANGES TO ITS PROJECT PLAN, AND POTENTIAL IMPACT ON DISTRICT OPERATIONS

Mr. Breeding described to the Board the boundaries of the proposed annexation which would extend southward via public rights-of-way such as South Rice Avenue, Sage Road, US 59, and Westpark Drive to a set of properties immediately south of Westpark. The County-owned parcels serving as a stormwater detention facility between US 59 and Westpark would also be included. Lastly, an annexation to the north would encompass the rights-of-way

of the West Loop, a short segment of Woodway, and the section of Memorial Park west of the West Loop.

The property south of US 59 is currently being planned to include a transit center for METRO that will consist of an off-street bus boarding and transfer facility and a park-and-ride parking structure.

Mr. Breeding further stated that there will be no impact on District operations at this time. The Board discussed the project.

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

(SEAL)

Secretary, Board of Directors