

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

OCTOBER 23, 2013

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:

- Patty Bender
- Todd H. Casper
- Martin Debrovner
- Steven D. Lerner
- Kendall A. Miller
- Mary Catherine Miller
- John Mooz
- Greg Noble
- Lisa Simon
- Kerr Taylor
- Ed Wulfe
- Jonathan Zadok

and all of said directors were present except Directors Lerner, Mary Catherine Miller, and Mooz, 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, Mr. Mr. Rod Smith, Ms. Betsy Kirkgard, Mr. Bob Ethington, Ms. Lauren Anderson, and Ms. Lyndsey Peterson of Harris County Improvement District #1; Mr. David Smalling of RBC Capital Markets, and Mr. Ryan Bledsaw of Coats Rose PC.

APPROVE MINUTES OF SEPTEMBER 25, 2013 BOARD OF DIRECTORS MEETINGS

Kendall A. Miller, Chairman, called the meeting to order and asked the members to read the Minutes of the September 25, 2013 meeting. Director Debrovner moved that the Board approve the Minutes as written. Director Bender

seconded the motion, which was approved by unanimous consent.

CONDUCT A PUBLIC HEARING ON PROPOSED 2013 DISTRICT TAX RATES

Mr. Miller convened a public hearing on the proposed 2013 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 2013 tax recommendation and Debt Service Fund Management index, which are attached hereto and shall be considered as part of these Minutes. The 2013 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 \$0.02177 per \$100 of assessed valuation and a maintenance tax of \$0.12168 per \$100 assessed valuation for a total tax rate of \$0.14345 for the tax year 2013.

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

ADOPT ORDER LEVYING TAXES FOR 2013

The Board next considered adopting an order levying taxes for the 2013 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 \$0.12168 per \$100 of assessed valuation and establish the debt service tax rate at \$0.02177 per \$100 of assessed valuation per the recommendation of the District's financial advisor.

Director Wulfe moved that the Board approve the *Order Levying Taxes* for tax year 2013. Director Bender 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 Debrovner moved that the Board approve the District Information Form, which is attached hereto and shall be considered as part of these Minutes. Director Zadok 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, 2013 for the Board's review.

REVIEW THE 1ST QUARTER BUDGET STATUS

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

RECEIVE A SECURITY UPDATE FOR THE UPTOWN HOUSTON HOLIDAY LIGHTING

Mr. Breeding advised the Board that several meetings had taken place with representatives of the Houston Police Department, Homeland Security and the FBI to review the Uptown Houston Holiday Lighting in light of the bombing at the Boston Marathon in the spring of 2013. The consensus was that the event is not a high profile event and no major changes need to be taken. The FBI will monitor any chatter and provide the District with any information received.

RECEIVE AN UPDATE ON THE POST OAK BOULEVARD PROJECT AND CONSIDER TAKING ACTION

Mr. Breeding reviewed with the Board the Post Oak Boulevard reconstruction and right-of-way acquisition project and the Memorandum of Understanding among the City, the Metropolitan Transit Authority of Harris County, Texas ("METRO"), and the District, the Authority and the Uptown TIRZ, relating to the project and the dedicated bus lanes and Uptown Bellaire transit center. He said that the Authority/Uptown TIRZ will be the primary agency for design and construction, the City will own the acquired right-of-way, and will be the condemning authority, and METRO will review and approve all environmental and engineering documentation for the transit related elements of the project. He said that the firm of Andrews Kurth LLP will be the real estate and condemnation counsel for the project, and the firm of Norton Rose Fulbright LLP will provide fairness opinions relating to acquisition of right-of-way whose ownership might raise conflict of interest issues. Mr. Breeding said that the firm of Deal Sikes & Associates will be general real estate and litigation consultants, and will be responsible for landowner contact, purchase price negotiation, and appraisal management. No action was taken on this matter.

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

(SEAL)

Secretary, Board of Directors