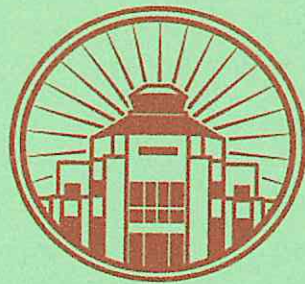


# HOBBY AREA MANAGEMENT DISTRICT



## HOBBY AREA DISTRICT

Agenda and Agenda Materials  
Meeting of the Board of Directors

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January 8, 2015



## HOBBY AREA DISTRICT

### HARRIS COUNTY IMPROVEMENT DISTRICT NUMBER NINE (HOBBY AREA MANAGEMENT DISTRICT MEETING)

**TO: THE BOARD OF DIRECTORS OF THE HOBBY AREA MANAGEMENT DISTRICT AND TO ALL OTHER INTERESTED PERSONS:**

Notice is hereby given that a regular meeting of the Board of Directors of the Hobby Area Management District will be held on Thursday, January 8, 2015, at 1:00 PM in the Doubletree Hilton Hobby - 8181 Airport Blvd, Houston, TX 77061, inside the boundaries of the District, open to the public, to consider, discuss and adopt such orders, resolutions or motions, and take other direct or indirect actions as may be necessary, convenient, or desirable with respect to the following matters:

#### AGENDA

1. Determine quorum; call to order.
2. Receive public comments.
3. Approve minutes of meeting held December 11, 2014.
4. Receive Bookkeeper's Report and approve invoices for payment.
5. Receive and consider proposals to prepare end-of-year financial reports.
6. Receive and consider proposals for District's annual audit report.
7. Consider resolution, application, certificate of formation and bylaws pertaining to the creation of the Hobby Area Improvement Corporation.
8. Consider Broadway Blvd. Maintenance agreement between the District and City of Houston for enhanced non typical infrastructure.
9. Consider Broadway Blvd. Funding agreement between the District and City of Houston for enhanced non typical infrastructure.
10. Consider Broadway Blvd./Hobby Corridor agreement between the District and Scenic Houston.
11. Receive Executive Director's monthly report on actions/initiatives in support of the District's Service Plan.
12. Adjourn.



Executive Director

HOBBY AREA MANAGEMENT DISTRICT  
(HARRIS COUNTY IMPROVEMENT DISTRICT NUMBER 9)  
CITY OF HOUSTON  
HARRIS COUNTY, TEXAS

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**AGENDA MEMORANDUM**

TO: Hobby Area Management District Board of Directors  
FROM: Executive Director  
SUBJECT: Agenda Item Materials

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3. Approve minutes of the meeting held December 11, 2014.

**MINUTES OF THE MEETING OF THE  
HOBBY AREA MANAGEMENT DISTRICT  
BOARD OF DIRECTORS**

**December 11, 2014**

**1:15 p.m. Prior to Quorum**

**RECEIVE PROPOSAL FROM ROLAND, FRY & WARREN TO PREPARE END-OF-YEAR FINANCIAL REPORTS.**

**RECEIVE PROPOSAL TO ENGAGE McCALL GIBSON SWEDLUND & BARFOOT, PLLC, FOR DISTRICT'S ANNUAL AUDIT REPORT.**

Mr. Hawes reported both proposals were in the Board agenda materials for the Board's review. He reported proposals for the end-of-year financial reports and the District's annual audit report would be presented during the January Board meeting for the Board's consideration. He answered questions relating to the proposals. No action from the Board was required.

**DETERMINE QOURUM; CALL TO ORDER.**

The Board of Directors of the Hobby Area Management District held a regular meeting on Thursday, December 11, 2014, at 1:00 p.m. in the Doubletree Hilton Hobby, 8181 Airport Blvd., Houston, Texas 77061, inside the boundaries of the District, open to the public, and the roll was called of the duly appointed members of the Board, to-wit:

Position 1 - Danny Perkins, *Chairman*  
Position 2 - Helen Bonsall, *Vice-Chair*  
Position 3 - Todd Szilagyi  
Position 4 - Perry J. Miller  
Position 5 - Ann Collum  
Position 6 - Sue De Haven, *Secretary*

Position 7 - Marjorie Evans  
Position 8 - *vacant*  
Position 9 - Darryl Bailey  
Position 10 - Vic J. Zachary  
Position 11 - Alberto Cardenas

and all were present, with the exception of Directors Szilagyi, Bailey, De Haven and Zachary, thus constituting a quorum. Also present were David Hawes, Susan Hill, Josh Hawes, Linda Clayton, Tony Allender and Eoles Whitaker, all with Hawes Hill Calderon, LLP; Clark Lord, Bracewell Giuliani; Jack Roland, Roland Fry & Warren; and Jeff Sonnheim, Equi-Tax, Inc. Others attending the meeting were Sherry Weesner, Scenic Houston; and Randy Pennington, business owner. Chairman Perkins called the meeting to order at 1:30 p.m.

**RECEIVE PUBLIC COMMENTS.**

There were no public comments.

**APPROVE MINUTES OF MEETING HELD NOVEMBER 13, 2014.**

Upon a motion duly made by Director Bonsall, and being seconded by Director Collum, the Board voted unanimously to approve the Minutes of the November 13, 2014, Board meeting, as presented.

**ACCEPT RESIGNATION OF JO ANN LEMON FROM THE DISTRICT'S BOARD OF DIRECTORS.**

Mr. Hawes reported a copy of Ms. Lemon's resignation was included in the Board agenda materials. The Board acknowledged Ms. Lemon's resignation.



**ACCEPT HEARING EXAMINER'S REPORT AND PROPOSAL FOR DECISION FOR PUBLIC HEARING REGARDING SUPPLEMENTAL ASSESSMENT ROLL.**

**ADOPT ORDER SUPPLEMENTING THE ASSESSMENT ROLL; LEVYING ASSESSMENTS AGAINST THE PROPERTY OF THE SUPPLEMENTAL ASSESSMENT ROLL FOR THE REMAINDER OF THE 2014-YEAR PERIOD; AND SETTING THE RATE OF ASSESSMENT FOR THE YEAR 2014.**

Mr. Lord reviewed the Hearing Examiner's Report and Order Supplementing the Assessment Roll, included in the Board agenda materials, and answered questions. Upon a motion duly made by Director Miller, and being seconded by Director Cardenas, the Board voted unanimously to accept the Hearing Examiner's Report and Proposal and to adopt the Order Supplementing the Assessment Roll; Levying Assessments Against the Property of the Supplemental Assessment Roll for the Remainder of the 2014-Year Period; and Setting the Rate of the Assessment for the Year 2014, as presented.

**RECEIVE BOOKKEEPER'S REPORT AND APPROVE INVOICES FOR PAYMENT.**

Mr. Roland presented the Bookkeeper's Report and went over the invoices, included in the Board agenda materials, and answered questions. Upon a motion duly made by Director Miller, and being seconded by Director Bonsall, the Board voted unanimously to accept the Bookkeeper's Report and approved payment of invoices, as presented.

**RECEIVE EXECUTIVE DIRECTOR'S MONTHLY REPORT ON ACTIONS/INITIATIVES IN SUPPORT OF THE DISTRICT'S SERVICE PLAN.**

The Executive Director's Monthly Report is included in the Board agenda materials. No action from the Board was required.

**ADJOURN.**

There being no further business to come before the Board, Chairman Perkins adjourned the meeting at 1:41 p.m.

\_\_\_\_\_  
Secretary



HOBBY AREA MANAGEMENT DISTRICT  
(HARRIS COUNTY IMPROVEMENT DISTRICT NUMBER 9)  
CITY OF HOUSTON  
HARRIS COUNTY, TEXAS

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**AGENDA MEMORANDUM**

TO: Hobby Area Management District Board of Directors  
FROM: Executive Director  
SUBJECT: Agenda Item Materials

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4. Receive the bookkeeper's report and approve invoices for payment.

# **HOBBY AREA MANAGEMENT DISTRICT**

## **MONTHLY FINANCIAL REPORT**

**NOVEMBER 2014**

**Hobby Area Management District**  
**Balance Sheet**  
**As of November 2014**

	<u>Nov 30, 14</u>
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
Amegy Bank	35,015.16
Wells Fargo Bank	161,610.60
Plains State Bank	245,000.00
TexSTAR	<u>105,057.72</u>
Total Checking/Savings	546,683.48
Other Current Assets	
Assessment Receivable	<u>1,543,159.81</u>
Total Other Current Assets	<u>1,543,159.81</u>
Total Current Assets	<u>2,089,843.29</u>
<b>TOTAL ASSETS</b>	<u><u>2,089,843.29</u></u>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	<u>53,238.88</u>
Total Accounts Payable	53,238.88
Other Current Liabilities	
Assessment Refunds Payable	95.48
Deferred Assessment Revenue	<u>1,606,871.70</u>
Total Other Current Liabilities	<u>1,606,967.18</u>
Total Current Liabilities	<u>1,660,206.06</u>
Total Liabilities	1,660,206.06
Equity	
Retained Earnings	(17.64)
Net Income	<u>429,654.87</u>
Total Equity	<u>429,637.23</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>2,089,843.29</u></u>



**Hobby Area Management District**  
**Statement of Sources & Uses - Budget vs Actual**  
**November 2014**

	<u>Nov 14</u>	<u>Budget</u>	<u>Jan - Nov 14</u>	<u>YTD Budget</u>	<u>Annual Budget</u>
<b>SOURCES OF FUNDS</b>					
District Assessments	115,600.12	108,333.33	1,281,415.14	1,191,666.63	1,300,000.00
Penalty & Interest Revenue	1,232.78	2,000.00	18,127.41	22,000.00	24,000.00
Overpayments	0.00	2,666.67	13,030.26	29,333.37	32,000.00
Assessment Refunds	-95.48	-2,666.67	-20,193.08	-29,333.37	-32,000.00
Street Light Reimbursement	0.00	11,223.17	0.00	123,454.83	134,678.00
Interest Revenue	11.53	4.17	282.87	45.87	50.00
<b>Total SOURCES OF FUNDS</b>	<u>116,748.95</u>	<u>121,560.67</u>	<u>1,292,662.60</u>	<u>1,337,167.33</u>	<u>1,458,728.00</u>
<b>USES OF FUNDS</b>					
Public Safety					
Contract Public Safety	14,931.00	16,848.33	141,567.75	185,331.63	202,180.00
Apartment Life Initiatives	1,619.50	2,083.33	10,891.50	22,916.63	25,000.00
Mobile Cameras	0.00	2,400.00	0.00	26,400.00	28,800.00
Street Light Outage Survey	700.00	175.00	1,750.00	1,925.00	2,100.00
Graffiti Abatement	2,560.00	2,791.67	24,800.00	30,708.37	33,500.00
<b>Total Public Safety</b>	<u>19,810.50</u>	<u>24,298.33</u>	<u>179,009.25</u>	<u>267,281.63</u>	<u>291,580.00</u>
Mobility, Environ, Urban Design					
Porter Service	5,416.67	4,375.00	16,250.01	48,125.00	52,500.00
<b>Total Mobility, Environ, Urban Design</b>	<u>5,416.67</u>	<u>4,375.00</u>	<u>16,250.01</u>	<u>48,125.00</u>	<u>52,500.00</u>
Business & Economic Development					
Economic Developmt Programs	1,108.82	8,583.33	15,986.95	94,416.63	103,000.00
Events, Festivals, Comm. Proj.	0.00	3,083.33	0.00	33,916.63	37,000.00
Creative ED Support	700.00	3,875.00	34,366.50	42,625.00	46,500.00
Marketing Mtls & Promo Items	3,695.52	1,125.00	4,842.92	12,375.00	13,500.00
<b>Total Business &amp; Economic Development</b>	<u>5,504.34</u>	<u>16,666.66</u>	<u>55,196.37</u>	<u>183,333.26</u>	<u>200,000.00</u>
Administration					
Exec & Board Support Services					
Administration & Management	8,843.18	8,833.33	84,902.26	97,166.63	106,000.00
Meeting Expense	995.61	291.67	4,404.27	3,208.37	3,500.00
Reimbursable Expenses	513.24	1,200.00	7,372.19	13,200.00	14,400.00
Postage	28.34	75.00	84.27	825.00	900.00
Office Supplies	252.72	158.33	1,102.87	1,741.63	1,900.00
Public Notices, Advertising	18.00	66.67	1,049.00	733.37	800.00
<b>Total Exec &amp; Board Support Services</b>	<u>10,651.09</u>	<u>10,625.00</u>	<u>98,914.86</u>	<u>116,875.00</u>	<u>127,500.00</u>
Legal Services	4,238.70	800.00	24,958.60	8,800.00	9,600.00
Audit Services	0.00	0.00	0.00	7,500.00	7,500.00
Bookkeeping	600.00	600.00	5,400.00	6,600.00	7,200.00
Assessment Billing	1,999.08	1,875.00	17,991.72	20,625.00	22,500.00
Assessmt Database Mgmt	0.00	300.00	0.00	3,300.00	3,600.00
Office Equipment	0.00	250.00	0.00	2,750.00	3,000.00
Insurance	0.00	333.33	1,230.24	3,666.63	4,000.00
Other	9.57	208.34	609.64	2,291.66	2,500.00
<b>Total Administration</b>	<u>17,498.44</u>	<u>14,991.67</u>	<u>149,105.06</u>	<u>172,408.29</u>	<u>187,400.00</u>
Creation and Start Up	0.00	0.00	108,167.21	108,167.00	108,167.00
<b>Total USES OF FUNDS - General Fund</b>	<u>48,229.95</u>	<u>60,331.66</u>	<u>507,727.90</u>	<u>779,315.18</u>	<u>839,647.00</u>

**Hobby Area Management District**  
**Statement of Sources & Uses - Budget vs Actual**  
**November 2014**

	<u>Nov 14</u>	<u>Budget</u>	<u>Jan - Nov 14</u>	<u>YTD Budget</u>	<u>Annual Budget</u>
<b>Excess (Deficiency) of Sources over Uses-GF</b>	<u>68,519.00</u>	<u>61,229.01</u>	<u>784,934.70</u>	<u>557,852.15</u>	<u>619,081.00</u>
<b>Capital Projects</b>					
<b>Comprehensive Landscape Plan</b>	0.00	6,625.00	88,612.05	72,875.00	79,500.00
<b>Broadway Corridor Design Development</b>	22,094.55	7,708.34	95,798.25	84,791.66	92,500.00
<b>Broadway Corridor Engineering Enhcmts</b>	0.00	4,493.17	36,191.53	49,424.83	53,918.00
<b>LED Decorative Street Lights</b>	<u>0.00</u>	<u>0.00</u>	<u>134,678.00</u>	<u>134,678.00</u>	<u>134,678.00</u>
<b>Total Capital Projects</b>	<u>22,094.55</u>	<u>18,826.51</u>	<u>355,279.83</u>	<u>341,769.49</u>	<u>360,596.00</u>
<b>Total Excess (Deficiency) of Sources over Uses</b>	<u>46,424.45</u>	<u>42,402.50</u>	<u>429,654.87</u>	<u>216,082.66</u>	<u>258,485.00</u>

**Hobby Area Management District  
Bank Account Registers  
As of January 8, 2015**

<i>Type</i>	<i>Date</i>	<i>Num</i>	<i>Name</i>	<i>Memo</i>	<i>Amount</i>	<i>Balance</i>
<b>Amegy Bank</b>						<b>3,099.96</b>
Bill Pmt -Check	12/12/2014	1158	Clark Condon Associates	Broadway Corridor Design Dev.	(22,094.55)	(18,994.59)
Bill Pmt -Check	12/19/2014	1159	TSG Reporting	Hearing for Assmt. Roll	(377.75)	(19,372.34)
Check	01/08/2015	1166	DDC Hotels, Inc.	Refund: 7902 Mosley Rd. 134	(975.75)	(20,348.09)
Transfer	01/08/2015	Trf	Transfer	Transfer from TexSTAR	75,000.00	54,651.91
Check	01/08/2015	1167	RBIP Transportation, LLC	Refund: 9201 Tavenor Lane	(203.63)	54,448.28
Check	01/08/2015	1168	Tax Advisors Group	Refund: 7525 Fauna Street	(550.14)	53,898.14
Check	01/08/2015	1169	W2005 New Century Hotel Port.	Refund: 8620 Airport Blvd, 119	(1,269.64)	52,628.50
Check	01/08/2015	1170	Weingarten Realty	Refund: 6348 Telephone Rd	(810.00)	51,818.50
Bill Pmt -Check	01/08/2015	1160	Amegy Visa Credit Card	Hobby Fest expense	(19.66)	51,798.84
Bill Pmt -Check	01/08/2015	1161	Chris Labod	Website Maintenance	(700.00)	51,098.84
Bill Pmt -Check	01/08/2015	1162	Equi-tax Inc.	Roll Management	(1,999.08)	49,099.76
Bill Pmt -Check	01/08/2015	1163	Hawes Hill Calderon LLC	December Admin.	(8,954.06)	40,145.70
Bill Pmt -Check	01/08/2015	1164	Roland Fry & Warren, LLC	December Bookkeeping	(699.79)	39,445.91
Bill Pmt -Check	01/08/2015	1165	SEAL Security Solutions LLC	Officer Security	(7,668.00)	31,777.91
Total Amegy Bank					<u>28,677.95</u>	<u>31,777.91</u>
<b>Wells Fargo Bank</b>						<b>139,634.06</b>
Debit	10/06/2014		Returned Item Chargeback	Returned check from cust.	(139.08)	139,494.98
Deposit	10/31/2014		Deposit	Revenue	13,450.99	152,945.97
Deposit	10/31/2014		Deposit	October interest	13.32	152,959.29
Deposit	11/30/2014		Deposit	Revenue	8,643.17	161,602.46
Deposit	11/30/2014		Deposit	November interest	8.14	161,610.60
Total Wells Fargo Bank					<u>21,976.54</u>	<u>161,610.60</u>
<b>Plains State Bank</b>						<b>245,000.00</b>
Total Plains State Bank					<u>0.00</u>	<u>245,000.00</u>
<b>TexSTAR-Operating</b>						<b>105,054.33</b>
Deposit	11/28/2014		Deposit	November interest	3.39	105,057.72
Transfer	01/08/2015	Trf	Transfer	Transfer to Amegy Operating	(75,000.00)	30,057.72
Total TexSTAR-Operating					<u>(74,996.61)</u>	<u>30,057.72</u>
<b>TOTAL</b>					<u>(24,342.12)</u>	<u>468,446.23</u>

Restricted for management's use only



CONTROL ACCOUNT  
HOBBY AREA MD  
Account Number:  
XXXX XXXX 0663



ACCOUNT SUMMARY			
Account Number	XXXX XXXX 0663	Previous Balance	\$325.09
Credit Limit	\$16,000.00	Payments	\$325.09
Available Credit	\$9,580.00	Credits	\$0.00
Statement Closing Date	December 22, 2014	Purchases	\$19.66
Payment Due Date	January 11, 2015	Other Charges	\$0.00
Amount Due	\$0.00	Cash Advances	\$0.00
Min Payment Due	\$19.66	Finance Charges	\$0.00
Days in Billing Cycle	28	New Balance	\$19.66

TRANSACTIONS			
Trans Date	Post Date	Reference Number	Transaction Description
12/10	12/10	7470800P9UKDTGEAN	PAYMENT - THANK YOU
TOTAL XXXXXXXXXX0663			\$325.09
DANNY PERKINS			
12/11	12/11	2416407PA31YDFZ1	STAPLES 00118923 HOUSTON TX
TOTAL XXXXXXXXXX0782			\$19.66

Finance Charge Summary	Daily Periodic Rate (May Vary)	Total Finance Charge	Balance Subject to Finance Charge	Annual Percentage Rate
Purchase	0.00000%	\$0.00	\$0.00	0.00%
Cash Advances	0.04951%	\$0.00	\$0.00	18.00%

See Reverse Side for Important Information About Your Account.  
5543 8523 3451 3 7 16 341227 8 PAGE 1 of 2 11 5348 8048 TRLR 01AM5543 2745



P.O. BOX 30833  
SALT LAKE CITY UT 84130-0833

For prompt credit, mail payment to location shown below.  
Payment sent to any other location may delay crediting your account.  
Please detach this portion and return it with your payment to ensure proper credit.

Make Checks Payable to:

BANKCARD CENTER  
PO BOX 30833  
SALT LAKE CITY UT 84130-0833  
[Barcode]

PAYMENT INFORMATION			
Account Number	XXXX XXXX 0663	Payment Due Date	01/11/15
Payment Due Date	01/11/15	New Balance	\$19.66
New Balance	\$19.66	Minimum Payment Due	\$19.66
Minimum Payment Due	\$19.66	Pay Due Amount	\$0.00
Pay Due Amount	\$0.00	Cash Endowed	
Cash Endowed		Total Payment Amount	\$

CONTROL ACCOUNT  
HOBBY AREA MD  
PO BOX 22167  
HOUSTON TX 77227-2167

[Barcode]

15066 0000:53980000030 2058 31\*



Chris Labod  
2502 Deer Forest Dr.  
Spring, TX 77373  
(817) 555-0741

Hobby Area Management District  
9410 Long Point Rd., Ste 150  
Houston TX 77055

## Invoice

Jan 03, 2015  
Invoice # 2015-01-257  
Website Maintenance

Item	hrs / qty	rate / price	status	subtotal
Website Maintenance	00-00	\$700.00		\$700.00

Subtotal: \$700.00  
Total due by Jan 17, 2015: \$700.00

## Equi-Tax Inc.

Suite 200  
17111 Rolfing Creek Drive  
Houston Texas 77090  
281-444-4866

## Invoice

DATE	INVOICE #
1/1/2015	47485

### BILL TO

Harris County Improvement District No. 9  
Hawes Hill Calderon LLP  
10103 Fondren Road, Suite 300  
Houston TX 77096

DESCRIPTION	AMOUNT
Roll Management	300.00
Monthly Fee per Contract for Assessment Collection	1,699.08

Hawes Hill Calderon LLP  
P.O. Box 22167  
Houston TX 77227-2167

Invoice

### Bill To:

MD-HCID # 9 (Hobby)  
P.O. Box 22167  
Houston, TX 77227

Invoice #: 43014896  
Date: 1/1/2015

Page: 1

DATE	DESCRIPTION	AMOUNT
	Professional Consulting & Administration December 2014	\$3,843.18
	Reimbursable Expenses	
	Melange, G. Larsen	\$170.88
Sales Tax		\$0.00
Total Amount		\$3,954.06
Amount Applied		\$0.00
Balance Due		\$3,954.06

Terms: C.O.D.



**ROLAND, FRY & WARREN, L.L.C.**

Certified Public Accountants

1525 Lakeville Drive, Suite 121  
Kingwood, TX 77339  
(281) 348-9151  
FAX (281) 348-9199

1/5/2015

Hobby Area Management District  
P.O. Box 22167  
Houston, TX 77227-2167

For Professional Services Rendered:

Bookkeeping services provided during December 2014 for the month of November 2014	600.00
One roll of stamps (for HAMD only) & one Lone Star Delivery	59.47
Mileage	40.32
	<u>\$699.79</u>

**SEAL Security Solutions LLC**1525 Blalock Road  
Houston, TX 77080-7318**Invoice**

Date	Invoice #
11/17/2014	24861

**Bill To**Hobby Area Management District  
9610 Long Point, Ste. 150  
Houston, TX 77055

Terms

Net 30

Description	Hours	Rate/ Hour	Amount
Three Commissioned Officers with Vehicles and Occasional K-9	144	27.00	3,888.00
Patrol Period 11/10/2014 through 11/16/2014			
Patrols are billed every Monday for the hours patrolled the week preceding the above invoice date.			
This invoice is Monday through Sunday inclusive.			
Sales Tax (8.25%)			\$0.00
<b>Total</b>			<b>\$3,888.00</b>

Thank you for allowing us to earn your business.

**SEAL Security Solutions LLC**1525 Blalock Road  
Houston, TX 77080-7318**Invoice**

Date	Invoice #
11/24/2014	24952

**Bill To**Hobby Area Management District  
9610 Long Point, Ste. 150  
Houston, TX 77055

Terms

Net 30

Description	Hours	Rate/ Hour	Amount
Three Commissioned Officers with Vehicles and Occasional K-9	140	27.00	3,780.00
Patrol Period 11/17/2014 through 11/23/2014			
Patrols are billed every Monday for the hours patrolled the week preceding the above invoice date.			
This invoice is Monday through Sunday inclusive.			
Sales Tax (8.25%)			\$0.00
<b>Total</b>			<b>\$3,780.00</b>

Thank you for allowing us to earn your business.

**Equi-Tax Inc.**  
Ad Valorem Tax Assessors / Collectors

www.equitaxinc.com

17111 Rolling Creek Drive, Suite 200, Houston, Texas 77060  
P.O. Box 71159, Houston, Texas 77273  
Customer Service 281.444.3946 fax 281.444.8304

DATE: 12/01/2014

LEGAL DESCRIPTION

DDC HOTELS INC  
721 EMERSON RD STE 200  
SAINT LOUIS MO 63141-6755TR 1  
(RES A BLK 1 PER PLAT)  
GULF GARDENS APARTMENTS R/P  
7902 MOSLEY RD 134

HARRIS COUNTY IMP DIST 9

ACCOUNT NUMBER: 91/098/435/000/0001  
TAX YEAR: 2013  
REF No.: 0886413DATE PROCESSED: 12/01/2014  
RECEIPT NUMBER: 91131206  
DEPOSIT BATCH No.: RF141201**NOTICE OF CHANGE IN TAX LIABILITY**

We have been notified by the Appraisal District of a change in the appraisal of your property that has resulted in a change in your tax liability for the 2013 tax year.

The explanation of the change is:

<input type="checkbox"/> Decrease in Appraised Value	<input type="checkbox"/> Account Prorated
<input type="checkbox"/> Exemption(s) Added	<input type="checkbox"/> Account Deleted
<input type="checkbox"/> Homestead	<input type="checkbox"/> Rendition Penalty Waived
<input type="checkbox"/> Over 65	<input checked="" type="checkbox"/> Other: <u>HOUSE 5015-52885</u>
<input type="checkbox"/> Disabled Person	
<input type="checkbox"/> Disabled Veteran	

This action has resulted in a decrease in the amount of tax you owe. Accordingly, we are issuing you a refund in the amount of \$975.75.

Note: Questions regarding changes in value should be directed to the Appraisal District.

If you need more information, call Customer Service at 281.444.3946.



**Equi-Tax Inc.**  
Ad Valorem Tax Assessors / Collectors

www.equitaxinc.com

17111 Rolling Creek Drive, Suite 200, Houston, Texas 77060  
P.O. Box 73109, Houston, Texas 77273  
Customer Service 281.444.3946 fax 281.440.8304

DATE: 12/01/2014

LEGAL DESCRIPTION

RBIP TRANSPORTATION LLC  
110 E 4TH ST  
HOUSTON TX 77007-2502

TR5 5B & 5C BLK 11  
SOUTH HOUSTON GARDENS SEC 8

9201 TAVENOR LN

HARRIS COUNTY IMP DIST 9

ACCOUNT NUMBER: 91/034/207/011/0025  
TAX YEAR: 2013  
REF No.: 0886411

DATE PROCESSED: 12/01/2014  
RECEIPT NUMBER: 91130247  
DEPOSIT BATCH No.: RP141201

NOTICE OF CHANGE IN TAX LIABILITY

We have been notified by the Appraisal District of a change in the appraisal of your property that has resulted in a change in your tax liability for the 2013 tax year.

The explanation of the change is:

☐ Decrease in Appraised Value  
☐ Exemption(s) Added  
☐ Homestead  
☐ Over 65  
☐ Disabled Person  
☐ Disabled Veteran

☐ Account Prorated  
☐ Account Deleted  
☐ Rendition Penalty Waived  
☒ Other: CAUSE 2013-52589

This action has resulted in a decrease in the amount of tax you owe. Accordingly, we are issuing you a refund in the amount of \$203.63.

Note: Questions regarding changes in value should be directed to the Appraisal District.

If you need more information, call Customer Service at 281.444.3946.



**Equi-Tax Inc.**  
Ad Valorem Tax Assessors / Collectors

www.equitaxinc.com

17111 Rolling Creek Drive, Suite 200, Houston, Texas 77060  
P.O. Box 73109, Houston, Texas 77273  
Customer Service 281.444.3946 fax 281.440.8304

DATE: 12/01/2014

LEGAL DESCRIPTION

Tax Advisors Group  
P.O. Box 571287  
Dallas, TX 75367

TR 22A &  
TR 9 ABST 324 D W C HARRIS  
ABST 27 J R HARRIS

7525 FAUNA ST

HARRIS COUNTY IMP DIST 9

ACCOUNT NUMBER: 91/040/239/000/0056  
TAX YEAR: 2013  
REF No.: 0886412

DATE PROCESSED: 12/01/2014  
RECEIPT NUMBER: 91130304  
DEPOSIT BATCH No.: RP141201

NOTICE OF CHANGE IN TAX LIABILITY

We have been notified by the Appraisal District of a change in the appraisal of your property that has resulted in a change in your tax liability for the 2013 tax year.

The explanation of the change is:

☐ Decrease in Appraised Value  
☐ Exemption(s) Added  
☐ Homestead  
☐ Over 65  
☐ Disabled Person  
☐ Disabled Veteran

☐ Account Prorated  
☐ Account Deleted  
☐ Rendition Penalty Waived  
☒ Other: CAUSE 2013-56346

This action has resulted in a decrease in the amount of tax you owe. Accordingly, we are issuing you a refund in the amount of \$550.14.

Note: Questions regarding changes in value should be directed to the Appraisal District.

If you need more information, call Customer Service at 281.444.3946.



**Equi-Tax Inc.**  
Ad Valorem Tax Assessors / Collectors

www.equitaxinc.com

17111 Rolling Creek Drive, Suite 200, Houston, Texas 77060  
P.O. Box 73109, Houston, Texas 77273  
Customer Service 281.444.3946 fax 281.440.8304

DATE: 12/01/2014

LEGAL DESCRIPTION

W2005 NEW CENTURY HOTEL  
PORTFOLIO LP  
6011 CONNECTION DR  
IRVING TX 75039-2607

RES A1 BLK 1  
MONROE-AIRPORT

8620 AIRPORT BLVD 119

HARRIS COUNTY IMP DIST 9

ACCOUNT NUMBER: 91/118/422/001/0002  
TAX YEAR: 2013  
REF No.: 0886414

DATE PROCESSED: 12/01/2014  
RECEIPT NUMBER: 91131332  
DEPOSIT BATCH No.: RP141201

NOTICE OF CHANGE IN TAX LIABILITY

We have been notified by the Appraisal District of a change in the appraisal of your property that has resulted in a change in your tax liability for the 2013 tax year.

The explanation of the change is:

☐ Decrease in Appraised Value  
☐ Exemption(s) Added  
☐ Homestead  
☐ Over 65  
☐ Disabled Person  
☐ Disabled Veteran

☐ Account Prorated  
☐ Account Deleted  
☐ Rendition Penalty Waived  
☒ Other: CAUSE 2013-53979

This action has resulted in a decrease in the amount of tax you owe. Accordingly, we are issuing you a refund in the amount of \$1,269.64.

Note: Questions regarding changes in value should be directed to the Appraisal District.

If you need more information, call Customer Service at 281.444.3946.



**Equi-Tax Inc.**  
Ad Valorem Tax Assessors / Collectors

www.equitaxinc.com

17111 Rolling Creek Drive, Suite 200, Houston, Texas 77060  
P.O. Box 73109, Houston, Texas 77273  
Customer Service 281.444.3946 fax 281.440.8304

HARRIS COUNTY IMP DIST 9

DATE: 12/27/2014  
TAX YEAR: 2014

OVERPAYMENT: \$810.00  
DEPOSIT BATCH No.: 91-120  
RECEIPT NUMBER: 91140400

OWNER NAME: WEINGARTEN REALTY

CHECK No.: 8708

ACCOUNT NUMBER: 91/041/012/001/0112

DATE OF PAYMENT: 12/27/2014

PAID BY:

WEINGARTEN REALTY  
PO BOX 924133  
HOUSTON TX 77292-4133

LEGAL DESCRIPTION  
TR 122  
ABST 56 H B FRENTISS

6348 TELEPHONE RD

NOTICE OF OVERPAYMENT OF TAX

DISTRICT NAME  
HARRIS COUNTY IMP DIST 9

OVERPAYMENT AMOUNT  
\$810.00

REASON: transposed numbers

AMOUNT OF CHECK: \$1,904.06

CHECK No: 8708

AMOUNT APPLIED: \$1,094.06

Ref No.: WEINGARTEN REALT

DIFFERENCE: \$810.00

COMPLETED BY: [Signature]

DATE: 12/27

Make refund payable to:

Address:

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

If you need more information, call Customer Service at 281.444.3946.



**CLARK CONDON**  
A S C I A T E S  
LANDSCAPE ARCHITECTURE

David Hawes  
Hobby Area Management District  
P O Box 22167  
Houston, TX 77227-2167

Date: November 30, 2014  
Invoice number: 36739  
Project Number: 113-098

Broadway Blvd Airport Corridor

Professional Services for the Period: 11/1/2014 to 11/30/2014

Phase	Phase Fee	% Complete	Fee Earned	Prior Billing	Current Fee
Sketch Plans for City Engineer	\$7,500.00	100.00	\$7,500.00	\$7,500.00	\$0.00
Design Development	\$85,000.00	100.00	\$85,000.00	\$63,750.00	\$21,250.00
	\$92,500.00	100.00	\$92,500.00	\$71,250.00	\$21,250.00
<b>Reimbursables</b>					
In-House Printing					\$676.25
Messenger Services					\$161.50
Miles					\$18.50
Subtotal:					\$844.55
Expense Fee					\$0.00
Total Reimbursables					\$844.55
<b>TOTAL AMOUNT DUE</b>					<b>\$22,094.55</b>

10401 Stella Link Road Houston, Texas 77025  
TEL 713.871.1414 FAX 713.871.0888  
www.clarkcondon.com



Corporate Headquarters  
747 Third Avenue, Suite 10A  
New York, NY 10017  
Phone: (877) 702-9580  
Fax: (212) 207-3311  
www.tsgreporting.com

## INVOICE

DATE: 11/28/2014  
INVOICE # 111314-326352

BILL TO: Clark Stockton Lord Esq.  
Broonwell & Givard LLP  
711 Louisiana Street  
Suite 2300  
Houston, TX 77002

*Hobby*

CASE: Public Hearing to Consider the Advisability of Supplementing the Assessment Roll  
WITNESS: Hearing  
DATE: 11/13/2014  
LOCATION: Houston, TX

Billing Comments / Instructions:

SHIP VIA	Overnight	TERMS	net 30
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SERVICES	# PAGES / QTY	UNIT PRICE	AMOUNT
Original & 1 Certified Transcript	45	\$3.95	\$177.75
Reporter Appearance Fee / Session	1	\$150.00	\$150.00
Compressed / ASCII / Word Index - Complimentary	1	\$45.00	\$0.00
SUBTOTAL			\$327.75
SHIPPING & HANDLING			\$50.00
TOTAL			\$377.75

Please make all checks payable to: TSG Reporting, Inc. Federal ID # 41-2085745  
For prompt payment processing, please include the invoice # with your check. All balances in arrears will be assessed a late fee of 1.5% per month, not to exceed the legal limit. If you have any questions, please call TSG.  
**THANK YOU FOR YOUR BUSINESS!**

HOBBY AREA MANAGEMENT DISTRICT  
(HARRIS COUNTY IMPROVEMENT DISTRICT NUMBER 9)  
CITY OF HOUSTON  
HARRIS COUNTY, TEXAS

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**AGENDA MEMORANDUM**

TO: Hobby Area Management District Board of Directors  
FROM: Executive Director  
SUBJECT: Agenda Item Materials

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5. Receive and consider proposals to prepare end-of-year financial reports.



TO Board of Directors  
FROM Susan Hill  
RE District's end-of-year financial reports

I sent requests for qualifications and estimates of costs for preparation of the District's end-of-year financial reports to the following local firms experienced and qualified to perform this work for government entities.

- District Data Services
- Progressive Data Management
- Mark M. Burton, PLLC
- Avanta Accounting Services
- Municipal Business Services, Inc.
- Roland, Fry & Warren
- Claudia Redden & Associates, Inc.
- McLennan & Associates

The District received responses from Roland, Fry & Warren and Mark M. Burton, PLLC as follows:

- Mark M. Burton, PLLC: \$3,400 - \$3,600
- Roland, Fry & Warren: \$4,500 - \$4,800

Staff Recommendation: Accept and approve the proposal for services from Mark M. Burton, PLLC in the estimated amount of \$3,400 to \$3,600



MARK M. BURTON, P.L.L.C.  
Certified Public Accountants  
HOUSTON ■ CONROE ■ DALLAS ■ AUSTIN

January 6, 2015

Board of Directors  
Hobby Area Management District  
c/o Hawes Hill Calderon, LLP  
P.O. Box 22167  
Houston, TX 77227-2167

This letter is to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the services we will provide.

We will perform the following services:

1. We will compile, from information you and your bookkeeper provide, the annual financial statements of Hobby Area Management District as of and for the year ended December 31, 2014.

The objective of a compilation is to assist you in presenting financial information in the form of financial statements. We will utilize information that is your representation without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements in order for the statements to be in conformity with accounting principles generally accepted in the United States of America (GAAP).

You are responsible for

- a. the preparation and fair presentation of the financial statements in accordance with GAAP.
- b. designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.
- c. preventing and detecting fraud.
- d. identifying and ensuring that the entity complies with the laws and regulations applicable to its activities.
- e. making all financial records and related information available to us.

We are responsible for conducting the engagement in accordance with Statement on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation differs significantly from a review or an audit of financial statements. A compilation does not contemplate performing inquiry, analytical procedures, or other procedures performed in a review. Additionally, a compilation does not contemplate obtaining an understanding of the entity's internal control; assessing fraud risk; testing accounting records by obtaining sufficient appropriate audit evidence through inspection, observation, confirmation, or the examination of source documents (for example, cancelled checks or bank images); or other procedures ordinarily performed in an audit. Accordingly, we will not express an opinion or provide any assurance regarding the financial statements being compiled.

Our engagement cannot be relied upon to disclose errors, fraud, or illegal acts. However, we will inform the appropriate level of management of any material errors, and of any evidence or information that comes to our attention during the performance of our compilation procedures that fraud may have occurred. In addition, we will report to you any evidence or information that comes to our attention during the performance of our compilation procedures regarding illegal acts that may have occurred, unless they are clearly inconsequential. We have no responsibility to identify and communicate deficiencies or material weaknesses in your internal control as part of this engagement.

The financial statements will not be accompanied by a report. Based on our discussions with you, the financial statements are for management's use only and are not intended for third party use and will be designated as such.

Material departures from GAAP or other comprehensive basis of accounting (OCBOA) may exist and the effects of those departures, if any, on the financial statements may not be disclosed. In addition, substantially all disclosures required by GAAP or OCBOA may be omitted.

Certain required supplementary information may also be included in the financial statements, and we make no representations regarding the appropriateness of such information for your intended use or for any other purpose.

Notwithstanding these limitations, you represent that you have knowledge about the nature of the procedures applied and the basis of accounting and assumptions used in the preparation of the financial statements that allows you to place the financial information contained in the statements in proper context. Further, you represent and agree that the use of the financial statements will be limited to members of the management.

Should you require financial statements for third party use, we would be pleased to discuss with you the requested level of service. Such engagement would be considered separate and not deemed to be part of the services described in this engagement letter.

2. We will assist your bookkeeper in adjusting the books of accounts so that he (she) will be able to prepare a working trial balance from which financial statements can be compiled as of and for the year ended December 31, 2014. Your bookkeeper will provide us with a detailed trial balance and any supporting schedules we require.

You are responsible for making management decisions and performing management functions, and for designating an individual with suitable skill, knowledge, or experience to oversee any consulting services we provide. You are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for such services. You are responsible for establishing and maintaining internal controls, including monitoring ongoing activities.

We estimate that our fees for these services will range from \$3,400 to \$3,600. You will also be billed for out-of-pocket costs such as report production, word processing, postage, travel, etc. Additional expenses are estimated to be \$85 to \$250. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the work performed. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees are payable upon presentation.

All working papers of our engagement remain our property and constitute confidential information. Except as discussed below, any requests for access to our working papers will be discussed with you before making them available to requesting parties:

1. Our firm, as well as other accounting firms, participate in a peer review program covering our audit and accounting practices. This program requires that once every three years we subject our system of quality control to an examination by another accounting firm. As part of this process, the other firm will review a sample of our work. It is possible that the work we perform for you may be selected for review. If it is, the other firm is bound by professional standards to keep all information confidential.
2. We may be required to make certain work papers available to state or federal regulators pursuant to authority given to them by law or regulation. If requested, access to such work papers will be provided under the supervision of our firm personnel. Further, upon request, we may provide copies of selected work papers to the state or federal regulators and such copies may be distributed by the state or federal regulators to other third parties including government agencies.

It is our policy to keep work papers related to this engagement for seven years. When your records are returned to you, it is your responsibility to retain and protect your records for possible use, including potential examination by any government or regulatory agencies.



In the event of a dispute over our engagement, we mutually agree that any dispute that may arise in connection with our engagement will be submitted to mediation by selecting a third party to help us reach an agreement. We acknowledge that the results of this mediation will not be binding upon either of us. The costs of the mediation will be shared equally by both of us.

If we incur legal fees as a result of our reliance on any false representation by you, you agree to reimburse us for all of our legal fees and related costs of defense.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,

MARK M. BURTON, P.L.L.C.

By \_\_\_\_\_  
Mark M. Burton, President

Acknowledged:

HOBBY AREA MANAGEMENT DISTRICT

By \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_



# **ROLAND, FRY & WARREN, LLC**

**Certified Public Accountants**

***1525 Lakeville Drive, Suite 121***

***Kingwood, Texas 77339***

***(281) 348-9151***

***FAX (281) 348-9199***

December 4, 2014

Board of Directors  
Hobby Area Management District

Re: Year End Accounting Services

Dear Board Members:

We are pleased to present our proposal to provide year end accounting services to the Hobby Area Management District (the "District"). Our proposed services are outlined as follows:

## **Year End Close and Report Preparation**

Subsequent to the close of the fiscal year, we will perform the following as of December 31, 2014:

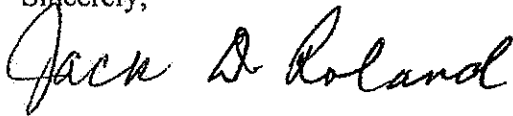
1. Review the December 31, 2014, bank reconciliations for accuracy and completeness and prepare journal entries where appropriate.
2. Prepare investment schedules as of December 31, 2014, and reconcile to the general ledger and prepare journal entries where appropriate.
3. Prepare detail of revenues, reconcile to general ledger, and prepare journal entries where appropriate.
4. Review detail general ledger and trial balance as of December 31, 2014, and prepare and record appropriate journal entries.
5. Read board minutes for financial statement report footnote disclosure purposes.
6. Read any new contracts for financial statement reporting purposes.
7. Prepare detail schedule of capital expenditures incurred during the year and prepare journal entries to record these transfers where appropriate.
8. Perform search for unrecorded liabilities and prepare detail of accounts payable as of December 31, 2014, from subsequent disbursements and related supporting documentation. Prepare journal entries to record accounts payable.

9. Prepare long-term debt schedules, if applicable and prepare appropriate journal entries.
10. Prepare financial report, including the M D & A, footnote disclosures and supplemental schedules as required by accounting standards generally accepted in the United States of America.

The estimated fee for the above-mentioned services is \$4,500.00 to \$4,800.00. The performance of the above-mentioned accounting assistance does not guarantee that there will be no material weaknesses in financial reporting. However, we expect that the performance of the above will minimize the likelihood of material weaknesses in financial reporting being reported. Because the agreed upon procedures listed above do not constitute an examination, we will not express an opinion on the financial statements.

We look forward to the opportunity to work with you and your other consultants. If you have any questions regarding the above, do not hesitate to contact us. Please acknowledge acceptance of this proposal by signing the acknowledgement below.

Sincerely,



Roland, Fry & Warren, LLC

This letter correctly sets forth the understanding of Hobby Area Management District.

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Signature

---

Title

---

Date

HOBBY AREA MANAGEMENT DISTRICT  
(HARRIS COUNTY IMPROVEMENT DISTRICT NUMBER 9)  
CITY OF HOUSTON  
HARRIS COUNTY, TEXAS

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**AGENDA MEMORANDUM**

TO: Hobby Area Management District Board of Directors  
FROM: Executive Director  
SUBJECT: Agenda Item Materials

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6. Receive and consider proposals for the District's annual audit report.

TO Board of Directors  
FROM Susan Hill  
RE District's annual audit report

I sent requests for qualifications and estimates of costs for preparation of the District's annual audit report to the following local firms experienced and highly qualified to perform this work for government entities.

- Belt Harris Pechacek LLLP
- McCall Gibson Swedlund Barfoot PLLC
- McConnell & Jones LLP
- Null-Lairson PC
- BKD LLP

The District received responses from the first three firms listed as follows:

- Belt Harris Pechacek LLLP: \$2,450
- McCall Gibson Swedlund Barfoot PLLC: \$6,000 - \$7,000
- McConnell & Jones LLP: \$9,800

Staff Recommendation: Accept and approve the proposal for services from Belt Harris Pechacek LLLP in the estimated amount of \$2,450

*Note: Belt Harris Pechacek has exercised its option for protection of its proposal from open records request under Section 552.021 of the Government Code.*

**McCALL GIBSON SWEDLUND BARFOOT PLLC**  
*Certified Public Accountants*

13100 Wortham Center Drive  
Suite 235  
Houston, Texas 77065-5610  
(713) 462-0341  
Fax (713) 462-2708  
E-Mail: [mgsb@mgsbpllc.com](mailto:mgsb@mgsbpllc.com)

111 Congress Avenue  
Suite 400  
Austin, Texas 78701  
(512) 610-2209  
[www.mgsbpllc.com](http://www.mgsbpllc.com)

December 11, 2014

Board of Directors  
Hobby Area Management District  
Harris County, Texas

We are pleased to confirm our understanding of the services we are to provide Hobby Area Management District (the "District") for the year ended December 31, 2014. We will audit the financial statements of the governmental activities and each major fund, including the related notes to the financial statements, which collectively comprise the basic financial statements of the District as of and for the year ended December 31, 2014. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the District's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the District's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis, and
- 2) Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund

We have also been engaged to report on supplementary information other than RSI that accompanies the District's financial statements. The document we submit to you will include various supplementary schedules as required by the Texas Commission on Environmental Quality (the "Commission") as published in the *Water District Financial Management Guide*. This supplementary information will be subjected to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and we will provide an opinion on it in relation to the financial statements as a whole except for that portion marked "unaudited", on which we will express no opinion.



### **Audit Objective**

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of the District's financial statements. Our report will be addressed to the Board of Directors of the District. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or may withdraw from this engagement.

### **Management Responsibilities**

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. You are also responsible for making all management decisions and performing all management functions; for designating an individual with suitable skill, knowledge, or experience to oversee the preparation of your financial statements and related notes; and for evaluating the adequacy and results of those services and accepting responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

### **Management Responsibilities (Continued)**

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the District involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the District received in communications from employees, former employees, consultants, regulators, the public or others. In addition, you are responsible for identifying and ensuring that the District complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with the Commission's requirements. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with the Commission's requirements, (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with the Commission's requirements, (3) that the methods of measurement or presentation have not changed from those used in the prior period, and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

With regard to using the auditor's report, you understand that you must obtain our prior written consent to reproduce or use our report in bond offering official statements or other documents.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

### **Audit Procedures - General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the District or to acts by management or employees acting on behalf of the District.



### **Audit Procedures – General (Continued)**

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include direct confirmation of certain assets and liabilities by correspondence with selected individuals, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

### **Audit Procedures – Internal Control**

Our audit will include obtaining an understanding of the District and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

### **Audit Procedures – Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatements, we will perform tests of the District's compliance with the provisions of applicable laws, regulations, contracts and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

### **Engagement Administration, Fees and Other**

We are aware of the State statute requiring the audit to be completed within 120 days and filed with the Texas Commission on Environmental Quality within 135 days from the closing date of the audit and barring any unforeseen circumstances every effort will be made to comply with this rule.

In accordance with provisions of the Local Records Retention Schedule Section 2-1: Item 1025-01(e) we agree to retain our audit work papers in our office for a period of three years after all questions arising from the audit have been resolved. In order to allow for all questions arising from the audit to be resolved and to comply with Rule 501.76(f) of the Rules of Professional Conduct of the Texas State Board of Public Accountancy the actual date will be the five-year anniversary of the audit report in question.

**Engagement Administration, Fees and Other (Continued)**

We expect to present a draft of the audit report within 45 days of the availability of the District's accounting records. Chris Swedlund is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign the report. Our fees for these services will be at our standard hourly rates and include any other direct charges. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. The following is an estimate of our fees for the services included in this engagement letter.

- Audit of the District's financial statements as of and for the year ended December 31, 2014, to range between \$6,000 and \$7,000

If for any reason our services are terminated prior to issuance of a final report, our engagement will be deemed to have been completed, even if we have not completed our report. The District will be obligated to compensate us for our time expended through the date of termination. The above fee is based on anticipated cooperation from your consultants and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

You agree that any dispute regarding this engagement will, prior to resorting to litigation, be submitted to mediation upon written request by either party. Both parties agree to try in good faith to settle the dispute in mediation. The American Arbitration Association will administer any such mediation in accordance with its Commercial Mediation Rules. The results of the mediation proceeding shall be binding only if each of us agrees to be bound. We will share any costs of mediation proceedings equally.

We believe this letter accurately summarizes the significant terms of the engagement. If you have any questions, please let us know. If you agree with the terms of the engagement as described in this letter, please sign the enclosed copy and return it to us. We appreciate the confidence you have placed in us by retaining this firm as your independent auditor in this matter.

Sincerely,

*McCall Gibson Swedlund Barfoot PLLC*

McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants

This letter correctly sets forth the understanding of Hobby Area Management District.

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Signature

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Title

---

Date

*Proposal to Provide*  
**Annual Audit Services**  
*for*  
**Harris County**  
**Improvement District No. 9**

*Submitted to:*  
**Ms. L. Susan Hill, MBA**  
Hawes Hill Calderon LLP  
9610 Long Point Road, Suite 150  
Houston, TX 77055

*Submitted on:*  
**January 5, 2015**

*Firm Contact:*  
**Ira Wayne McConnell, CPA**  
Engagement Partner  
Tel: 713-968-1610  
wmccconnell@mjlm.com



**McCONNELL & JONES LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

The Lakes on Post Oak  
3040 Post Oak, Suite 1600  
Houston, TX 77056  
PH: 713.968.1600  
FAX: 713.968.1601  
[www.mjlm.com](http://www.mjlm.com)



**McCONNELL & JONES LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

January 5, 2015

Ms. L. Susan Hill, MBA  
Hawes Hill Calderon LLP  
9610 Long Point Road, Suite 150  
Houston, TX 77055

Dear Ms. Hill:

On behalf of McConnell & Jones LLP, we are pleased to respond to your request to provide an independent annual financial audit for the Harris County Improvement District No.9, d/b/a Hobby Area Management District ("District") for the year ended December 31, 2014.

We sincerely believe we are the auditors who best match your needs and expectations. Because of our prior experience in auditing numerous governmental entities that follow the financial reporting standards promulgated by the Governmental Accounting Standards Board, knowledge of governmental agencies' accounting policies and practices, and internal control environments, we have a clear understanding of the work to be done and can commit to providing you the highest level of service throughout the engagement.

Based on the information in your request for qualifications, it is clear that the District desires the engagement of a CPA firm that knows the intricacies involved with improvement and management districts and political subdivisions of the State of Texas, and ensure that you meet your reporting requirements, make recommendations that can strengthen internal controls and enhance your operational efficiency, at affordable costs. We bring a wealth of relevant experience not only having performed numerous financial statement audits for organizations similar to the District, but also having provided bookkeeper and accountant services for management districts locally.

In addition to our firm qualifications and performance with similar entities as the District, MJ also offers a highly skilled engagement team with extensive audit experience with various taxing political subdivisions in Texas.

We have carefully considered your objective to have the audit done to obtain comfort that all activities and transactions of the District have been properly accounted for. We believe that our prior experience demonstrates our ability to perform your audit. We are excited about the opportunity to become your independent auditors.

In summary, we at McConnell & Jones LLP are very excited about this opportunity to work with the District. We take pride in our reputation for exceptionally high quality work and reliable client service. Thank you for the opportunity to present both our firm and our plan for your audit. If you have any questions or comments, please call me directly.

Sincerely,

Ira Wayne McConnell, CPA  
Engagement Partner

3040 Post Oak Blvd., Suite 1600  
Houston, TX 77056  
Phone: 713.968.1600  
Fax: 713.968.1601

WWW.McCONNELLJONES.COM



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## FIRM PROFILE

### *Type of Legal Entity*

McConnell & Jones LLP (MJ) is a limited liability partnership located in Houston, Texas. The firm is a medium-sized, regional firm offering full-service public accounting and business consulting services.

### *Firm History*

MJ was established in 1987. The firm is located in Houston, Texas, with satellite offices in Austin, Dallas Texas, and Washington DC. The firm is a medium-sized regional firm offering full service public accounting and business consulting services. The firm is registered with the State of Texas Board of Public Accountancy as a Certified Public Accounting firm.

MJ is certified as an MWDBE by the City of Houston Office of Business Opportunity – Certificate No. 13-02-12241 (Vendor ID No. 200004424). MJ is also certified as a Houston minority business enterprise by the Houston Minority Supplier Development Council, as well as by the North Central Texas Regional Certification Agency. In addition, MJ has satisfied the requirements for certification with the State of Texas Historically Underutilized Business (HUB) Certification Program. Copies of our minority certifications can be found in **Appendix A**.

### *Firm Size*

With approximately 65 employees, MJ consistently is ranked by the Houston Business Journal as one of the largest accounting (assurance, tax, financial planning, management and business advisory services) firms in Houston, Texas.

MJ staff is ethnically diverse and well-credentialed. More than 15 languages are spoken in our office and 80 percent of our professional staff are certified public accountants or possess a Master's degree.

### *Our Location*

All staffing for our audit services for the District will be provided from our Houston office located at:

McConnell & Jones LLP  
3040 Post Oak Blvd., Suite 1600  
Houston, TX 77056  
Phone: 713.968.1600  
Fax: 713.968.1601

### *Area of Specialty/Concentration*

MJ has established a strong practice as a public accounting and consulting firm. MJ is a full-service public accounting firm that provides the following range of services:

- Audits of financial statements and programs;
- Attestation services, such as Agreed-Upon Procedures;
- Financial statement review services;
- Financial statement compilation services;
- Accounting and bookkeeping services;
- Management consultancy services;
- Internal audit services (if independence rules permit it);



- Consulting Services;
- Virtual CFO services; and
- Tax services.

Our experience in the audit and consulting services disciplines includes evaluation of program viability, effectiveness of fiscal controls, adequacy of policies and procedures, review of quality of governance, review of efficient management of funds, and surveys and recommendations on service delivery initiatives for diverse kinds of organizations.

MJ also provides the following range of related services to our clients:

- *Response to Routine Inquiries* – We respond to routine inquiries for specific accounting and financial reporting matters during the contract year(s). Such routine services that do not require critical research will be provided at no cost to the District throughout the year(s).
- *Seminars* – We also provide series of free seminars periodically to our clients, which help those organizations to stay current on new developments in accounting standards, laws, regulatory requirements, and best practices in management and governance.
- *Management Letters* – We use our recommendations in the management letter, when applicable, to provide our clients with practical, value-added and long-term solutions and suggestions for improving the design and efficiency of our clients' systems.

By working with us, you will tap into this expertise of professionals who are well versed in providing services to governmental organizations. When you work with MJ, you won't get our best guess – you will get the right answer.

#### ***Professional Affiliations and Memberships***

We are a member of several external quality control bodies including the following:

- American Institute of Certified Public Accountants (AICPA);
- AICPA Governmental Audit Quality Center (GAQC);
- AICPA Center for Public Company Audit Firms;
- Public Company Accounting Oversight Board (PCAOB);
- Private Company Practice Section (PCPS); and
- AICPA Tax Practice Section.

#### ***Peer Review and Quality control***

Our commitment to quality is underscored by the fact that we have consistently received an unqualified opinion in the external peer review of our accounting and auditing practice by the AICPA. After a thorough review of our procedures and work practices, which include reviews of our governmental, nonprofit, and commercial engagements, the reviewers concluded that MJ complies with the stringent quality control standards established by the American Institute of Certified Public Accountants. Also, we did not receive a letter of comment. A copy of our latest peer review report dated December 8, 2011, with an unqualified opinion, can be found in **Appendix B**.

#### ***Independence***

MJ is independent of the District as defined by auditing standards generally accepted in the United States of America, issued by the Auditing Standards Board of the AICPA. In addition, it is





the policy of our firm that all professional personnel be familiar with and adhere to the independence, integrity, and objectivity rules, regulations, interpretations, and rulings of the AICPA and other regulatory agencies. All of our professional personnel are required to review the firm's client list and certify, at the time of hire and on an annual basis, an acknowledgement of their independence with respect to the firm's clients. As part of the firm's client acceptance process, the names of potential new clients are provided to the partners and staff of the firm to ensure that there are no potential independence or conflict of interest matters that exist.

### WHAT SETS MCCONNELL & JONES APART

Our uniqueness as a professional firm with a culture of excellence and a wealth of experience in the government industry offers several advantages. Our clients receive attention from our designated team members that are familiar with the client organization and are current on changes in the governmental industry. Our government audit services are consistently cost effective and of the highest quality. The result is long lasting client relationships that are built on trust.

Many factors come into consideration when making the decision about appointing an auditor for the District. We believe that MJ is the most knowledgeable and best-positioned auditor to support the District's management team. Our audit plan includes service enhancements aimed at adding more value through our relationship. In addition, because we already have experience with similar districts and are intimately familiar with the industry activities, policies, procedures, and financial reporting requirements, selecting us as your auditors will:

- **Specialized expertise.** Because our government audit professionals work extensively in specialized disciplines, they can quickly focus on those elements essential to conducting an effective and efficient engagement. We have extensive experience performing financial statement audits of government entities and thoroughly understand the unique reporting requirements of government entities and the District in particular.
- **Automated processes.** Our use of highly automated processes and advanced information technology systems streamlines engagements, provides rapid responses, enhances productivity and reduces the need for client assistance.
- **Committed staff.** MJ enjoys a comparatively low turnover rate, meaning there is little need to retrain our staff on your engagement year after year. In addition, we have a solid record of ensuring team leadership continuity on engagements. All the key members of our proposed engagement team have extensive experience in providing audit services to government entities.
- **Hands on relationship.** Our partners and managers have hands-on involvement in providing solutions to our clients' challenges. Senior members of the engagement team are involved in all stages of the process, ensuring that the procedures accomplish the desired objectives and follow prescribed standards.
- **Client service that adds value.** Very often, we hear from our clients that their financial reporting, business operations, compliance with laws and contract agreements, and internal controls in general have become better since engaging us to provide professional services as independent auditors. We believe in building a strong working relationship with our clients through open and honest communication throughout the engagement. We are confident that your experience with us will be one of a satisfied client.

We are passionate  
about what we do and  
we are confident in our  
ability to deliver  
outstanding results.



#### QUALIFICATIONS AND EXPERIENCE OF THE FIRM

Our qualification to perform the audit of the District is based on similar successful engagements that we have conducted for other similar agencies and governmental organizations. With years of diverse experience in performing audits and providing related services to our clients in the governmental, nonprofit, and private sectors, MJ has established a strong practice as a certified public accounting and consulting firm. The audits of governmental entities make up a significant portion of our assurance practice. We spend thousands of hours annually performing audits for governmental entities; we look forward to applying this wealth of experience in serving the District.

The following are political subdivisions, redevelopment authorities, and Tax Increment Reinvestment Zones, which provide community redevelopment and improvement programs to promote and encourage economic development and opportunities that we have served in the recent past:

- Houston Downtown Management District (Annual Audit Services)
- South Post Oak Redevelopment Authority (Annual Audit Services)
- Cedar – Bayou Navigation District (Annual Audit Services)
- Fourth Ward Redevelopment Authority (Annual Audit Services)
- Harris County Municipal Utility District 148 (Bookkeeping and Accounting Services)
- Midtown Redevelopment Authority (Bookkeeping and Accounting Services)
- OST / Alameda Corridors Redevelopment Authority TIRZ-7 (Bookkeeping and Accounting Services)
- Southeast Management District (Bookkeeping and Accounting Services)
- Land Assemblage Redevelopment District (Bookkeeping and Accounting Services)
- Greater Greenspoint Management District (Audit Services in Partnership with Other Firm)

Our audit and accounting services experience with these governmental organizations that are similar to the District provides a value-added benefit when making recommendations to internal controls and operations. It also enhances our ability to understand the nature of your operations as we work through the planning process to determine the nature and extent of audit procedures to be performed during field work.

In addition to the districts, authorities and reinvestment zones listed above, we have experience in performing audit services for other governmental entities, including several that have **taxing authority, governmental funds, and nonprofit component units**. Some of our other governmental clients that also speak to our ability to conduct your examination are as follows:

- Houston Redevelopment Authority
- Hou-Tex Redevelopment Authority
- Houston Housing Finance Corporation Corporate Cash Fund
- Harris County Housing Finance Corporation Corporate Cash Fund
- Houston Area Water Corporation
- Houston Community College System \*
- Austin Community College District \*
- Dallas County Community College District \*





- Coastal Water Authority
- Mental Health and Mental Retardation Authority of Harris County
- Cedar Bayou Navigation District\*
- Lone Star College District\*
- Texas Lottery Commission
- Texas Prepaid Higher Education Tuition Board
- University of Houston System – 5 Component and Operating Units

**\*Taxing authorities**

These organizations follow governmental accounting standards, while many of them maintain governmental funds and have taxing authority.

**Audit References**

**SOUTH POST OAK REDEVELOPMENT AUTHORITY**

South Post Oak Redevelopment Authority (SPORA) is organized to aid, assist and act on behalf of the City of Houston in the performance of its governmental functions with respect to promoting the common good and general welfare of the area included in the South Post Oak Zone by developing, encouraging and maintaining housing, educational facilities, employment, commerce and economic development in the area.	
Client Contact:	Algenita Scott Davis Chairperson, Board of Directors c/o Bracewell & Giuliani LLP 711 Louisiana Street, Suite 2300, Houston, Texas 77002 (713) 503-9124   Email: <a href="mailto:algenitad@aol.com">algenitad@aol.com</a>
Nature of Services:	<ul style="list-style-type: none"><li>• Annual Audit for the years 2001 through present</li><li>• Agreed Upon Procedure on Construction Contract (2002 – 2011)</li></ul>
Description of Work Performed:	Annual audit in accordance with generally accepted auditing standards. Authority follows governmental accounting standards. Audit has always been completed timely.  In addition to the annual financial audit of the Authority, we performed agreed-upon procedures which were agreed to by the City of Houston (the "City"), the Tax Increment Reinvestment Zone (the "Zone") and the Authority, on the schedule of construction expenditures and activities of the Authority, to assist in determining the reasonableness of expenditures and their conformation to both the approved Project Plan and Reinvestment Zone Financing Plan and Agreement Between the City, Zone, and the Authority.



### HOUSTON REDEVELOPMENT AUTHORITY

The Houston Redevelopment Authority (HRA) was incorporated in 1996 as a component unit of the City of Houston, Texas, to promote, develop, encourage, and maintain housing, employment, commerce, and economic development in the City of Houston. HRA is closely affiliated with the Houston Housing Finance Corporation.	
<b>Client Contact:</b>	Janice Logan, Controller Harris County Housing Finance Corporation 9545 Katy Freeway, Suite 105 Houston, Texas 77024 (713) 773-3405   Email: <a href="mailto:logan.janice@sbcglobal.net">logan.janice@sbcglobal.net</a>
<b>Time Frame:</b>	Annual audits for calendar years 2005 through present.
<b>Description of Work Performed:</b>	We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the AICPA Industry Audit Guide. Activities included planning the engagement, development of tailored audit programs, performing fieldwork and drafting and issuing final audit reports, and other auditing procedures as considered necessary in the circumstances.

### COASTAL WATER AUTHORITY

The Coastal Water Authority (CWA) is a conservation and reclamation district created by a Special Act of the 60th Legislature of the State of Texas in 1967. CWA manages the following plants and systems: Lynchburg Pump Station, Luce Bayou Interbasin Transfer Plant, Project Trinity River Water Conveyance System, Lake Houston Facilities, Bayport Water System, and CWA Water Treatment Plant. CWA provides untreated surface water to the cities of Houston, Baytown, and Deer Park; all for municipal purposes. CWA also provides untreated surface water to approximately 100 industries, and a few agricultural customers.	
<b>Client Contact:</b>	John Baldwin Chief Financial Officer 1801 Main Street, Suite 800, Houston, Texas 77002 (713) 658-9020   Email: <a href="mailto:jbaldwin@coastalwaterauthority.org">jbaldwin@coastalwaterauthority.org</a>
<b>Time Frame:</b>	Annual audits for calendar years 2007 through present.
<b>Description of Work Performed:</b>	McConnell & Jones has performed the annual financial, and compliance audits of CWA's financial statements since 2007 to the present date. We conduct the financial and compliance audits in accordance with auditing standards generally accepted in the United States of America, the AICPA Industry Audit Guide for governmental entities, as well as considered the applicable annual audit report requirements of Texas Water Districts and Authorities as promulgated by TCEQ and applicable audit and financial rules issued by TWDB, and included other auditing procedures as considered necessary in the circumstances. In addition to the financial and compliance audits performed, M&J has performed agreed upon procedures on the construction activities associated with the Luce Bayou Project.





## ENGAGEMENT TEAM

### CLIENT SERVICE TEAM

A cornerstone of MJ's client service philosophy is the concept that the best resources must be brought to bear on our most important clients. The best audit and tax engagement is only as good as the personnel resources committed and the standards to which they are held accountable.

We have several professionals at the senior and staff levels with experience in performing audits of governmental entities. We are therefore committing seasoned audit professionals with experience in the governmental arenas that is directly relevant to your needs.

The client service team proposed for this engagement brings many years of combined experience, and most are certified public accountants. MJ's professionals have extensive backgrounds in providing auditing services for governmental organizations, and ensuring that work is adequately planned, staff is properly supervised and the work is properly documented as promulgated by generally accepted auditing standards.

### *Audit Team Members' Bios*

The following are the bios of your audit team senior members:

WAYNE MCCONNELL   ENGAGEMENT PARTNER	
Summary of Qualifications	
<p><b>Mr. Wayne McConnell</b> is currently the Partner- in- charge of the Assurance practice. He will serve as your lead quality assurance and client service partner. With more than 39 years accounting, auditing and financial consulting experience in public accounting and private industry, Mr. McConnell offers a strong background in conducting governmental financial statement and compliance audits in accordance with U.S. generally accepted auditing standards and Government Auditing Standards.</p> <p>He has served as lead partner on numerous financial statement and compliance audits, Texas single audits, and OMB Circular A-133 audits for a diverse mix of clients including local government districts, authorities, agencies, commercial and non-profit organizations across the State of Texas including Coastal Water Authority, South Post Oak Redevelopment Authority, Houston Redevelopment Authority, Fifth Ward Community Redevelopment Corporation, and Houston Business Development, Inc. and other audit clients listed in the Qualifications and Experience section of this proposal. In this role, he performs quality assurance, planning and engagement administration, and final review of deliverables. Furthermore, he develops strong client relationships and maintains effective client communication to ensure efficient administration and completion of engagements.</p> <p>As Partner-in-Charge of the firm's assurance practice, he has oversight responsibility of the audit division's quality control system; making sure that it adheres to the peer review and</p>	<ul style="list-style-type: none"><li>• Certified Public Accountant</li><li>• 39 years of audit experience including Governmental Accounting Standards Board (GASB) Statements; Governmental Auditing Standards; and U.S. generally accepted auditing standards</li><li>• Lead partner on multiple financial and compliance audits for various local governments and governmental agencies in the State of Texas, in accordance with OMB Circular A-133 and State of Texas Single Audit Circular</li><li>• Proven track record leading large-scale</li></ul>



**WAYNE MCCONNELL | ENGAGEMENT PARTNER**

inspection requirements of the American Institute of Certified Public Accountants (AICPA) and the Public Company Accounting and Oversight Board (PCAOB). He also conducts engagement partner and concurring partner technical reviews of audit reports and the related financial statements, ensuring that the engagements have been performed in accordance with generally accepted auditing standards and the financial statements are being presented in accordance with generally accepted accounting principles.

financial statement audits for nonprofit organizations and governmental agencies

- Excellent leadership and communication skills

**Education | Qualifications | Affiliations | Professional Accomplishments**

- Louisiana Tech University, MBA, Accounting, 1975
- Texas State Board of Public Accountancy, Active CPA
- Member of the Texas Society of Certified Public Accountants
- Member of the Houston CPA Society
- American Institute of Certified Public Accountants
- Houston Chapter of the Texas Society of Certified Public Accountants
- PricewaterhouseCoopers Alumni Advisory Council

**Relevant Experience**

- City of Houston Public Works & Engineering Department
- City of Houston Housing and Community Development Department
- Houston Downtown Management District
- Houston Housing Finance Corporation
- Harris County Housing Finance Corporation
- Coastal Water Authority
- Houston Community College System
- Houston Area Water Corporation
- Dallas County Community College District
- Lone Star College System
- Mental Health and Mental Retardation Authority of Harris County
- Mental Health and Mental Retardation Authority of Tri-County
- University of Houston System (5 operating units)
- Austin Community College District
- Texas Prepaid Higher Education Tuition Board
- Texas Lottery Commission
- South Post Oak Redevelopment Authority
- Midtown Redevelopment Authority





MINNIE CARIAGA, CPA   AUDIT MANAGER, NONPROFIT AND GOVERNMENTAL SECTOR	
Summary of Qualifications	
<p><b>Ms. Minnie Cariaga</b> is responsible for planning, conducting and reporting on various audit engagements. She has managed many complex audit engagements in the nonprofit and governmental organizations, and understands the importance of meeting engagement deadlines and clients' expectations and objectives. She also has an extensive experience performing compliance audits required under Government Auditing Standards, OMB Circular A-133 and State of Texas Single Audit Circular.</p> <p>Ms. Cariaga has over 10 years of audit and accounting experience. She has supervised or participated in the annual financial and compliance audits of numerous organizations, including large organizations, performed in accordance with auditing standards generally accepted in the United States of America, the Government Auditing Standards, and OMB Circular A-133. Additionally, she has performed analytical review procedures to identify areas of audit risk and materiality and create adequate audit programs, reporting on audits, assessing business risks, evaluating internal controls required to plan the audit and preparation of various financial statements.</p>	<ul style="list-style-type: none"> <li>• Certified Public Accountant – California and Illinois</li> <li>• Over 10 Years of Experience in Financial Audits, Internal Controls, Governmental Accounting Standards, Financial Reporting, and Generally Accepted Auditing Standards</li> <li>• Integrates Client Needs and Expectations into Engagement Planning and Implementation Processes</li> <li>• Implements Timeline and Engagement Risk Management Plans to Ensure the Achievement of Engagement Objectives</li> <li>• Experiences in Audits of Nonprofit Entities</li> <li>• Experienced in Coordinating Work with Clients' Audit Representatives with Exceptional Client Relationship Skills</li> <li>• Experienced in Seamless Transitions of Audits Engagements from Predecessor Auditors</li> </ul>
Education   Professional Qualifications   Affiliations	
<ul style="list-style-type: none"> <li>• University of Santo Tomas, Manila City, Philippines, B.S. Accounting</li> <li>• Certified Public Accountant – States of California and Illinois</li> <li>• Member of AICPA, Illinois CPA Society, Institute of Internal Auditors</li> </ul>	
Relevant Nonprofit Experience (Representative Clients)	
<ul style="list-style-type: none"> <li>• Houston Downtown Management District</li> <li>• Fifth Ward Community Redevelopment Authority</li> <li>• Texas Heart Institute</li> <li>• WSIU Public Broadcasting</li> <li>• Eastern Illinois University Foundation</li> <li>• Hashima Kenya, Inc.</li> <li>• Hollywood Casino Joliet</li> <li>• Hollywood Casino Aurora</li> <li>• Grand Victoria Casino Elgin</li> <li>• Illinois Department of Healthcare and Family Services (Integrity audits performed on rehabilitation and healthcare facilities)</li> </ul>	





**Functional Responsibility Matrix**

Audit Team Member	Functional Responsibilities for the Audit
<b>Wayne McConnell, CPA</b> <i>Engagement Partner</i>	<ul style="list-style-type: none"><li>• Point of contact as nonprofit and governmental audit client service partner</li><li>• Overall project supervision</li><li>• Ensure proper planning and administration of the audit in accordance with relevant standards and guidelines</li><li>• Quality review of audit work papers and reports</li><li>• Presentation of reports to management, Audit Committee and the Board</li></ul>
<b>Minnie Cariaga, CPA</b> <i>Audit Manager, Assurance Services – Governmental and Non- profit Sectors</i>	<ul style="list-style-type: none"><li>• Primary point of contact for the engagement</li><li>• Overall project management and control</li><li>• Engagement administration and coordinating audit team's interactions with the client</li><li>• Monitor deliverables from the client that also includes providing weekly status reports</li><li>• Ensure compliance with relevant standards</li><li>• Ensure proper planning of the audits in accordance with relevant standards and guidelines</li><li>• Perform relevant accounting and audit research</li><li>• Quality review of audit work papers and reports</li><li>• Presentation of reports to management, Audit Committee and the Board</li></ul>
<b>Staff Auditor</b>	<ul style="list-style-type: none"><li>• Perform prescribed procedures</li><li>• Analyze data</li></ul>

We provide personalized services to our clients and have invested in resources to ensure that our technology infrastructure makes the partners, directors and supervisors accessible before, during and after the audit. By cultivating an environment of superior client service, we ensure that audit team members at all levels respond to client needs in an efficient and timely manner.

**Our Quality Commitment**

MJ provides high standard professional services that are similar to those typically associated with large multinational firms. We have implemented a comprehensive training program to ensure that professionals assigned to this engagement have the appropriate skills to achieve the objectives.

Our governmental audit assurance professionals exceed the required 80 hours of continuing education every two (2) years while also maintaining the continuing education threshold required by the U.S. government auditing standards (at least 24 hours relevant to government environment and government auditing standards every two (2) years). This ensures that our specialists keep abreast of the current issues and developments and consequently offer better service to our clients.

We also employ a performance monitoring system that allows us to manage our engagements so that each is completed effectively and within the required deadlines.



***Project Personnel Experience, Continuity, And Turnover***

MJ understands that consistency with client service teams is a key aspect to building relationships, providing good client services and developing a thorough understanding of your industry. Our policy is to maintain that consistency by returning service team professionals year after year. We also believe that staff advancement is a tool for maintaining experienced client service professionals on your team. Ensuring continuity of your client service team provides advancement and career opportunity to the service team professionals, allowing them to be promoted as their leadership and technical skills advance along with their thorough understanding of your business and operations.

The success of our policy is evidenced by the relatively low staff turnover we have experienced in the past 24 months. Our turnover rate is within the average experienced in public accounting.



## PROPOSED WORK PLAN

### UNDERSTANDING THE ENGAGEMENT

MJ proposes to perform an annual audit of the financial statements of the District for the year ended December 31, 2014. Our audit will be performed in accordance with the following standards:

- U.S. Generally Accepted Auditing Standards as set forth by the AICPA;
- Audit and Accounting Guide for Governmental Organizations, issued by the AICPA;
- AICPA Audit Risk Alerts, Governmental Organizations Industry Developments; and
- Other applicable AICPA publications.

The audit will also include the following observations and considerations:

- the District's compliance with laws and regulations;
- the District's internal control over financial reporting; and
- the District's overall internal control system.

### DELIVERABLES

MJ will submit the following applicable deliverables in connection with our annual audits:

1. Independent Auditors' Report
2. Management's Discussion and Analysis
3. Basic Financial Statements:
  - a. Governmental Funds Balance Sheet and Statement of Net Position presenting each fund, combined total, adjustments to reconcile to government-wide totals.
  - b. Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and Statement of Activities presenting each fund, combined total, adjustments to reconcile to government-wide statements, and combined adjusted government-wide totals.
  - c. Notes to the Financial Statements
4. Required Supplementary Information:
  - a. Supplemental Schedule of Revenues, Expenditures and Changes in Fund Balances, Budget to Actual, for each individual fund
5. Other Supplementary Information, if applicable:
6. Auditors' Required Communication with those Charged with Governance, in Accordance with AU-C Section 560.
7. Management Letter (if Applicable)
8. Periodic progress reports during the audit process.

### ENGAGEMENT IMPLEMENTATION PLAN AND APPROACH

At MJ, we recognize that the most important aspect of an engagement is demonstrating to management that we have a proven track record of meeting the objectives of the engagement. With the involvement of upper-level management in the overall planning on the front end of the engagement, we can establish performance-monitoring systems that are tailored to the objectives of the engagement.

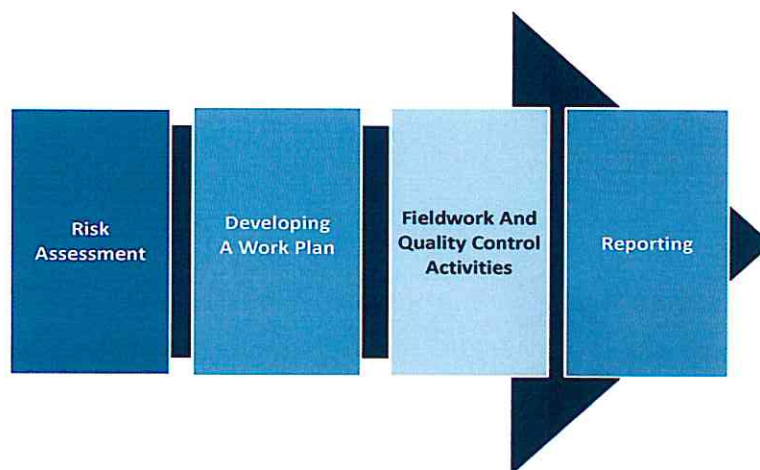


The following is an overview of the advantages of MJ's audit approach, which we believe are particularly important for this engagement.

- Continuing communications with management throughout the engagement in order to ensure that management is kept informed as the audit progresses, the objectives are being met and the contract is completed in the most efficient and timely manner.
- Understanding the objectives of the audit, laws and regulations that have a material impact on the financial statements, to ensure focused effort on significant risk areas.
- Coordinating the timing of our audit activities to the timing of the District's staff in order to avoid conflict with their activities.
- Use of a robust audit accounting research online database that enables us to find the right answer in a timely fashion for every audit and accounting matter or challenge.
- Controlling audit logistics and protocols by eliminating unnecessary or duplicative questions and procedures.

### **Audit Phases**

We have developed a project management process to control the quality and timing of audit engagements to ensure client deadlines are met. Our audit work plan for conducting the audit of the District will be implemented in four general phases, as described below. Although our project plan has four phases, our collaboration and communication with management is on-going, and continues throughout the project implementation phases and throughout the year. The four phases of our project implementation plan are as follows:



- **Risk Assessment** – Upon notification of contract award, MJ's client service partner and engagement director will schedule an internal planning meeting with the staff assigned to the engagement, to review the scope, deliverables, and important timelines of the engagement, and assess the risks associated with the strategies for meeting the objectives. We will also perform a preliminary evaluation of internal controls, and assess the risks of fraud and misstatement of financial statement amounts. We will arrange an entrance conference and embark on procedures to update our understanding of controls at the District's operational structure, organizational control environment, policies, components of internal control, accounting systems, and general computer controls as they relate to the District's.



Our risk assessment procedures include the assessment of:

- b. Inherent risks - the potential for material misstatement to occur in the financial statements assuming the absence of internal controls,
- c. Control risks - the chances that internal controls are insufficient, either due to design errors or ineffectiveness in their operations, to mitigate or detect errors or fraud, and
- d. Detection risks - the possibility that the audit procedures used will not find a material misstatement that exists in the financial statements being audited.

Our audit risk assessment approach is to assess inherent risk and control risk and then adjust detection risk in order to hold overall audit risk to an acceptable low level. This audit risk strategy allows us to properly evaluate our audit strategy. In addition, through inquiries of officers, management, and staff we will document and assess the risks of misstatements due to fraud and based on these results develop auditing procedures in accordance with Statement on Auditing Standards AU Section 316, *Consideration of Fraud in a Financial Statement Audit*.

- **Developing A Work Plan** – In this phase, we will review the District’s internal control systems in greater detail to ascertain the elements of controls that enable the District to achieve its internal control objectives, including proper transaction recording and processing; reliable financial reporting in accordance with applicable accounting standards; compliance with applicable laws and regulations; and reliable performance measurement and reporting. We will also develop a detailed work plan including the extent of our substantive testing of transactions and balances based on the results of our evaluation of internal controls and assessment of risks of fraud and misstatement of financial statement amounts. The work plan that we develop will comprise the project work plan, project timelines, project risk analysis and risk management plan, and project communications plan.
- **Fieldwork and Quality Control Activities** – The fieldwork phase is where we implement the detailed work plan to meet the engagement objectives. We conduct audit tests on transactions, balances, documents, records, procedures, processes, and reports to gather sufficient evidence of proper accountability and disclosures, and compliance with policies, standards, guidelines, contracts, laws, rules and regulations. We will perform necessary accounting and audit research to ensure that the District’s financial statements and the audit reflect the latest accounting and auditing standards and pronouncements. The nature, timing and extent of our testing will be dependent on the degree of reliance we place on internal controls, based on our risk assessments. This phase also includes our quality control and review processes which are an important part of the audit engagement. We use a three-tier review plan that is designed to ensure the highest quality of project performance. MJ’s quality assurance controls are designed to increase the probability that actual project performance will exceed expected project performance in terms of timeliness and quality of reports submitted.
- **Reporting** – We develop reports based on the evidence gathered from the fieldwork activities phase, and in accordance with applicable audit reporting standards. We also develop communication letters to management at the end of the audit, describing the results of our engagement, as well as any recommendations for improvements, stronger controls and greater efficiency when applicable. In addition, and as required by professional standards, we will provide the Audit Committee with required communications related to our audit. This information is provided at both the commencement and at the conclusion of the audit engagement.





After successfully executing the work plan, we will deliver draft reports and the management letter, if applicable, to management for review. Based on our prior experience with other clients, we anticipate a close, interactive relationship between MJ and the District's personnel throughout the engagement. We welcome this relationship and look forward to working with you.

### **OUR DETAILED AUDIT WORK PLAN**

Discussed below is our detailed audit work plan for this engagement, designed to ensure compliance with auditing standards generally accepted in the United States of America.

#### ***Entrance Conference***

We will conduct an entrance conference to introduce the audit team and to discuss the deliverables, scope and timing of the requirements as set forth by management. We will discuss our approach to the audit and initiate requests for schedules to be prepared by the District's personnel and other financial related documents needed to begin the planning phase of the audit.

Prior to this entrance conference we will submit an engagement letter that describes the scope and requirements of the audit as well as the contracted fee.

#### ***Internal Control Considerations***

Internal control questionnaires will be submitted to the appropriate personnel for those accounts considered material. Upon the completion of these questionnaires, we will perform our walk-through of these controls to determine if the controls in place can be relied upon and if substantive procedures are necessary to test the activities and/or balances of these accounts.

#### ***Risk Assessments***

In order to plan the nature, timing and extent of substantive audit procedures, we will assess inherent and control risks within the District's internal controls for financial accountability. Our audit approach is to assess inherent risks and control risks and then adjust detection risks in order to hold overall risk financial misstatement to an acceptable level. Risk assessment activities include review of board minutes; brain-storming on risk factors; making inquiries of management and staff; evaluating controls; developing an audit strategy; planning the nature and timing of necessary audit procedures.

#### ***Review of Policies and Procedures***

We will review the District's policies and procedures, including accounting, personnel, and investment policies. Our test of transactions and inquiries of the District's personnel will include tests of compliance with policies, procedures, laws, and regulations.

#### ***Substantive Testing and Analytical Procedures***

Substantive testing will be performed on those material accounts in which our determination of audit risks does not allow us to determine if those accounts are fairly stated. Substantive testing will include analytical procedures, confirmations, examination of documents supporting selected transactions and balances, and other procedures necessary for us to conclude on the fairness of account balances. Final analytical procedures on the District's financial statements as a whole will also be performed, to ensure that the final draft of the financial statements is supported by the results of our audit procedures.

#### ***Quality Control***

A project schedule and detailed work plan will be used throughout the project to monitor and control actual work performance against established benchmarks. As part of our quality control





process, audit workpapers are reviewed as completed, on a timely basis, to enhance the efficiency and timeliness of completing the audit within the agreed deadlines with management. Mr. Olaniyi Oyedele, as the engagement Manager will ensure that each phase of the engagement meets MJ quality standards and those of the District. He will be primarily responsible for monitoring the actual progress on a regular basis and estimating remaining levels of effort that will be needed to complete the audit in a timely and cost effective manner. Our work papers and audit reports will be subject to quality control review by the engagement manager, engagement partner as well as the concurring partner.

#### ***Use of Technology***

To facilitate the smooth transmission of documents and files between MJ and the District, we use our secured web-based ShareFile portal which our clients, including the District, can access with passcodes and use to upload documents and files we request for the audit.

ProSystem fx Engagement™, our paperless audit software, helps us customize and track each engagement and set up tailored master engagements for different client types and entities. In addition, it enables our staff to perform work at multiple locations and on multiple engagements simultaneously and allows project managers to review the work papers online ensuring timely reporting.

#### ***Communication System and Progress Reporting***

As is the case with all of our engagements, we will submit periodic progress reports to management for the duration of the engagement. Progress reports will be submitted as required or agreed to by management. Each report will contain a status of work performed to date, specific matters that require the attention of appropriate officials, and anticipated activities for the next progress reporting period. This will ensure that all parties are aware of the status of the audit at any point in time, and that the auditors' report deadlines are met.

#### ***Auditor's Reports and Recommendations***

A draft of the audited financial statements and related footnotes will be submitted to management for review, discussion and approval before we issue the final report. If during the course of our audit we become aware of instances where improvements are necessary in internal controls, we will document these instances and discuss them with management. We will also provide our recommendations in writing.

MJ's approach to audit engagements includes maintaining a healthy balance between the requirements of relevant technical guidance of the profession and the facts and circumstances that arise during the audit process. Accordingly, while maintaining our professional independence and performing the work in accordance with professional standards, we also exercise good professional judgment and maintain flexibility with framing the language for reporting the results of the audit. If there are potential findings, we ensure that such matters are fully vetted with client personnel, and that all the relevant facts are gathered and any mitigating controls and activities are considered. Because we maintain on-going communication among the audit team members as well as with management, we not only enjoy the benefit of discussing and vetting audit results with the entire audit team in a timely manner, there is also the benefit of having conversations with the appropriate client personnel in a timely manner to vet and reach an understanding on the facts and conclusions regarding such potential findings. In addition, it is our practice to provide clients with the language drafted to communicate any audit results, to ensure that the final product is satisfactory to all parties.



### ***Exit Conference and Audit Report Presentation***

An exit conference will be conducted with management to discuss the final report and other issues that might need clarification or discussion. Upon the approval of all parties, we will make our presentation of the final audit report to the District.

### **PROPOSED AUDIT TIMELINE**

The proposed timeline, subject to your review and approval, for the audit of the financial statements of the District is as follows:

Week of February 2, 2015	Initiate communication with the District; obtain signed engagement letter; make inquiries on internal control systems and procedures; send internal control questionnaires to be completed by the District's personnel.
Week of March 9, 2015	Send document request matrix (list of "Prepared by Client" items); begin audit planning procedures, and obtain other pertinent items necessary for audit planning.
Week of March 23, 2015	Complete audit planning procedures.
Week of April 6, 2015	Commence audit field work.
Week of April 20, 2015	Commence quality control reviews.
Week of May 18, 2015	Draft audit reports submitted to Management.
TBD by the District	Presentation of the draft report to the Board of Directors.
TBD by the District	Issuance of signed reports.

The proposed timeline was established to provide adequate time for management to get prepared for the audit and to resolve any issues that may arise. However, we can adjust the timeline or commence the audit at an earlier date if needed.

Based on our prior experience with other clients, we anticipate a close, interactive relationship between MJ and the District throughout the duration of the project. We welcome this relationship and look forward to working with you, if selected to conduct these services.





#### PROFESSIONAL FEES

Our professional audit fees, inclusive of out of pocket expenses, for the audit of the District's financial statements is \$9,800.

There are several factors we considered in the preparation of our fee estimates to perform the audit of the District, and these factors are as follows:

- The key personnel assigned to this engagement have experience ranging from 10 to over 39 years. The personnel assigned also have extensive experience having worked on clients in the governmental segments of our practice. The audit partner and manager assigned to your engagement have a larger role in the engagement during the initial year. By assigning more experienced personnel to an engagement of this nature, we are able to reduce the engagement team's learning curve as well as the startup time required to effectively and efficiently perform the audit.
- We perceive our roles as advisors to our clients and encourage them to ask questions throughout the year that would affect their accounting and reporting practices. We will be available as needed by the District during the contract years for any inquiries for specific accounting and auditing matters, as issues may arise, and we will not bill the District for such routine inquiries.
- As an indication of our commitment to the District, our fees will not increase in the second and third unless there are unanticipated changes in the auditing and accounting standards, regulatory requirements, or significant changes in the activities of the District that would significantly increase the scope or amount of work required for the audit.
- This will be an initial year examination. During the planning phase of our engagement for fiscal year 2014, we will also perform procedures to gain an understanding of and document the system of internal accounting controls in place. We will initiate communication with management and those charged with governance. We will obtain copies of contracts, leases and other permanent file documents to review to become familiar with the terms and provisions included in each to ensure the proper recognition and disclosure in the financial statements in accordance with government accounting principles generally accepted in the United States of America.

APPENDIX A: MINORITY BUSINESS CERTIFICATIONS

# State of Texas

## Historically Underutilized Business Certification and Compliance Program



The Texas Comptroller of Public Accounts (CPA),  
hereby certifies that

**MCCONNELL & JONES LLP**

has successfully met the established requirements of the  
State of Texas Historically Underutilized Business (HUB) Program  
to be recognized as a HUB.

This certificate, printed 06-MAY-2011, supersedes any registration and certificate previously issued by the HUB Program. If there are any changes regarding the information (i.e., business structure, ownership, day-to-day management, operational control, addresses, phone and fax numbers or authorized signatures) provided in the submission of the business' application for registration/certification as a HUB, you must immediately (within 30 days of such changes) notify the HUB Program in writing. The CPA reserves the right to conduct a compliance review at any time to confirm HUB eligibility. HUB certification may be suspended or revoked upon findings of ineligibility.

Certificate/VID Number: 1760488832500

File/Vendor Number: 11432

Approval Date: 06-MAY-2011

Expiration Date: 06-MAY-2015


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Paul A. Gibson  
Statewide HUB Program Manager  
Texas Comptroller of Public Accounts  
Texas Procurement and Support Services Division

Note: In order for State agencies and institutions of higher education (universities) to be credited for utilizing this business as a HUB, they must award payment under the Certificate/VID Number identified above. Agencies and universities are encouraged to validate HUB certification prior to issuing a notice of award by accessing the Internet (<http://www.window.state.tx.us/procurement/cmb/hubonly.html>) or by contacting the HUB Program at (888) 863-5881 or (512) 463-5872.





Qualifications to Provide Annual Audit Services  
Harris County Improvement District No.9

HOUSTON MINORITY SUPPLIER  
DEVELOPMENT COUNCIL



THIS CERTIFIES THAT

**McConnell & Jones LLP**

Has met the requirements for certification as a bona fide Minority Business Enterprise as defined by the National Minority Supplier Development Council, Inc. (NMSDC) and as adopted by the Houston Minority Supplier Development Council.

\*\*NAICS Code(s): 541211; 541213; 541219

\*\*Description of their product/services as defined by the North American Industry Classification System (NAICS)

December 26, 2013

HS14506

Issued Date

Certificate Number

December 31, 2014

Expiration Date

*Richard A. Huebner*  
Richard A. Huebner, President, HMSDC

By using your assigned (through NMSDC only) password, NMSDC Corporate Members may view the original certificate by logging in at: <http://www.nmsdc.org>



An affiliate of the National Minority Supplier Development Council, Inc. (NMSDC)

The above Certificate expired December 31, 2014. McConnell & Jones LLP is awaiting renewal Certificate from Houston Minority Supplier Development Council as of the date of this proposal, i.e. January 5, 2015.

B2Gnow Page 1 of 1



**CITY OF HOUSTON**  
Office of Business Opportunity

Annise D. Parker,  
Mayor



**CITY OF HOUSTON**  
Office of Business Opportunity

**McConnell & Jones, LLP**

is duly certified as a

**Minority Business Enterprise (MBE)**

Certified Categories:  
NAICS-541211: ACCOUNTING (I.E., CPAS) SERVICES, CERTIFIED PUBLIC  
NAICS-541219: ACCOUNTING SERVICES/ BOOKKEEPING

Certification Number: 13-02-1224

February 28, 2014 February 29, 2016  
Anniversary Date Expiration Date

*Carlecia D. Wright*

Note: This certificate is the property of the City of Houston Office of Business Opportunity, and may be revoked should the above named firm graduate from the MWBE program. This certificate is renewed annually.

<https://houston.mwbe.com/Functions/Certification/Communications/LetterCertificateView.asp?XID=6572&SessionID=399651> 3/1/2015



APPENDIX B: PEER REVIEW

*Your Vision Our Focus*



**System Review Report**

December 8, 2011

To the Owners of  
**McConnell & Jones, LLP**  
and the National Peer Review Committee of the AICPA

We have reviewed the system of quality control for the non-SEC accounting and auditing practice of **McConnell & Jones, LLP** (the firm) in effect for the year ended June 30, 2011. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the non-SEC accounting and auditing practice of **McConnell & Jones, LLP** in effect for the year ended June 30, 2011, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. **McConnell & Jones, LLP** has received a peer review rating of *pass*.

*Turner, Stone & Company, LLP*

Turner, Stone & Company, L.L.P.  
Accountants and Consultants  
12700 Park Central Drive, Suite 1400  
Dallas, Texas 75251  
Telephone: 972-239-1660 / Facsimile: 972-239-1665  
Toll Free: 877-853-4195  
Web site: [turnerstone.com](http://turnerstone.com)



McCONNELL & JONES LLP



HOBBY AREA MANAGEMENT DISTRICT  
(HARRIS COUNTY IMPROVEMENT DISTRICT NUMBER 9)  
CITY OF HOUSTON  
HARRIS COUNTY, TEXAS

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**AGENDA MEMORANDUM**

TO: Hobby Area Management District Board of Directors  
FROM: Executive Director  
SUBJECT: Agenda Item Materials

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7. Consider a resolution, application, certificate of formation, and bylaws pertaining to the creation of the Hobby Area Improvement Corporation.

## **HOBBY AREA MANAGEMENT DISTRICT**

**A RESOLUTION APPROVING THE CREATION OF HOBBY AREA IMPROVEMENT CORPORATION; APPROVING THE ARTICLES OF INCORPORATION AND THE BYLAWS THEREOF; CONFIRMING THE APPOINTMENT OF THE INITIAL DIRECTORS AND CHAIRPERSON; AND CONTAINING FINDINGS AND OTHER PROVISIONS RELATING TO THE SUBJECT.**

**WHEREAS**, Chapter 3859, Special District Local Laws Code, authorizes the District to create a public nonprofit corporation under Subchapter D, Transportation Code;

**WHEREAS**, Subchapter D of Chapter 431, Texas Transportation Code (the "Act"), authorizes the creation and organization of a public non-profit local government corporation to act as a duly constituted authority of a local government to aid and assist the local government in the performance of one or more governmental functions; and

**WHEREAS**, the Act requires a local government corporation to be created pursuant to the provisions of Chapter 394, Texas Local Government Code ("Chapter 394"), and requires the local government corporation's articles of incorporation and bylaws to be in the form, and to be executed, approved, and filed in the manner prescribed by Chapter 394; and

**WHEREAS**, a local government corporation may have and exercise all of the powers prescribed by the Act and Article 1396, TEX. REV. CIV. STAT. ANN. (Vernon Supp. 1999) (collectively, the "Acts"); and

**WHEREAS**, Chapter 394 requires as a condition to the creation of a local government corporation that at least three residents of the local government who are citizens of the state and at least eighteen (18) years of age submit a written application for the incorporation of the local government corporation; and

**WHEREAS**, there has been presented to and filed with the Hobby Area Management

District (the “District”) an application executed by three residents of the District who meet the requirements of Chapter 394 requesting the incorporation of the Hobby Area Improvement Corporation (the “Corporation”) pursuant to the Act; and

**WHEREAS**, Board of Directors of the District (the “Board”) desires to grant the application for incorporation of the Corporation, authorize its Articles of Incorporation, approve its Bylaws, appoint the board of directors of the Corporation, and take other action with respect to the Corporation;

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF THE HOBBY AREA MANAGEMENT DISTRICT:**

**Section 1.** The Board hereby finds, determines, and declares that the application for the incorporation of the Corporation is executed and filed in the manner required by Chapter 394 and the Board therefore has authority to consider and act on the application for incorporation of the Corporation.

**Section 2.** The Board hereby finds, determines, recites and declares that it is wise, expedient, necessary, and advisable that the Corporation be formed, the creation and organization of the Corporation under the provisions of the Acts and Chapter 394 as a duly constituted corporation of the District is hereby approved, and the Corporation is hereby authorized to aid, assist, and act on behalf of the District in the performance of its governmental functions to promote the common good and general welfare of the District; and to perform the other purposes described in the Articles of Incorporation.

**Section 3.** The Board hereby approves the Articles of Incorporation of the Corporation in substantially the form attached hereto as Exhibit A and authorizes the incorporators of the Corporation to file such Articles of Incorporation with the Secretary of State of the State of Texas in the manner provided by law.

**Section 4.** The Board hereby approves the Bylaws of the Corporation in substantially the form attached hereto as Exhibit B.

**Section 5.** The Board hereby confirms the appointment of the directors listed in the Articles of Incorporation attached hereto.

The Board hereby confirms the appointment of [ ] as the initial Chairperson of the Board of Directors. Subsequent chairpersons shall be designated as provided by the Bylaws.

**Section 6.** The Board hereby finds, determines, recites, and declares that it is the purpose, intent, and desire of the city in approving the creation of the Corporation and its Article of Incorporation and Bylaws, that such actions and the Corporation hereby authorized comply with the requirements of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations and Internal Revenue Service rulings promulgated thereunder and the rulings issued pursuant thereto, such that the Corporation shall be deemed to be a constituted authority acting on behalf of the District pursuant to the provisions of the Acts of Chapter 394, Local Government Code.

**PASSED, APPROVED, AND ADOPTED** this the \_\_\_\_\_ day of \_\_\_\_\_,

2015.

\_\_\_\_\_  
Chair  
Hobby Area Management District

ATTEST:

\_\_\_\_\_  
Secretary  
Hobby Area Management District





Exhibit A  
Articles of Incorporation

Exhibit B  
Bylaws

**EXHIBIT A**  
**ARTICLES OF INCORPORATION**  
**OF**

**HOBBY AREA IMPROVEMENT CORPORATION**

We, the undersigned natural persons, each of whom is at least eighteen (18) years of age or more, and a resident and a qualified voter of the Hobby Area Management District (the "District"), and a citizen of the State of Texas, acting as incorporators of a corporation under the provisions of Subchapter D of Chapter 431, Texas Transportation Code (the "Act"), and Chapter 394, Texas Local Government Code, do hereby adopt the following Articles of Incorporation for such corporation:

**ARTICLE II**

The name of the corporation is Hobby Area Improvement Corporation (the "Corporation").

**ARTICLE II**

The Corporation is a public non-profit corporation.

**ARTICLE III**

The period of duration of the Corporation shall be perpetual.

**ARTICLE IV**

The Corporation is organized and will be operated exclusively for one or more charitable purposes, within the meaning of Section 501(c)(3) of the U.S. Internal Revenue Code of 1986, as amended (the "Code"). The Corporation is organized for the purpose of aiding, assisting, and acting on behalf of the District in the performance of its governmental functions to promote the common good and general welfare of the District by aiding, assisting and acting on behalf of the District in the performance of its governmental functions to promote the common good and general welfare of the area included in the District and neighboring areas, and as the boundaries may be amended from time to time; to promote, develop, encourage and maintain housing, educational facilities, employment, commerce and economic development in the District.

The Corporation is formed pursuant to the provisions of the Act as it now or may hereafter be amended, and Chapter 394, Texas Local Government Code, which authorizes the Corporation to assist and act on behalf of the District and to engage in activities in the furtherance of the purposes for its creation, provided that the Corporation shall not be authorized to make or acquire home mortgages, or to make loans to lending institutions, the proceeds of which are to be used to make home mortgages or to make loans on residential developments.

The Corporation shall have and exercise all of the rights, powers, privileges, authority, and functions given by the general laws of Texas to non-profit corporations incorporated under the Act including, without limitation, Article 1396, Vernon's Texas Civil Statutes (the Texas Non-Profit Corporation Act).

The Corporation shall have all other powers of a like or different nature not prohibited by law which are available to non-profit corporations in Texas and which are necessary or useful to enable the Corporation to perform the purposes for which it is created, including the power to issue bonds, notes or other obligations, and otherwise exercise its borrowing power to accomplish the purposes for which it was created, provided that the Corporation shall not issue bonds without the consent of the District.

The Corporation is created as a local government corporation pursuant to the Act and shall be a governmental unit within the meaning of Subdivision (2), Section 101.001, Texas Civil Practice and Remedies Code. The operations of the Corporation are governmental and not proprietary functions for purposes of the Texas Tort Claims Act, Section 101.001 et seq., Texas Civil Practice and Remedies Code. The Corporation shall have the power to acquire land in accordance with the Act as amended from time to time.

#### **ARTICLE V**

The Corporation shall have no members and shall have no stock.

#### **ARTICLE VI**

All powers of the Corporation shall be vested in a Board consisting initially of [ ] persons. The initial directors of the Corporation ("Director" or "Directors") shall be those persons named in Article VIII. Each initial Director named in Article VIII hereof shall serve for the term prescribed in the Bylaws. Subsequent Directors shall be appointed by position to the Board as prescribed in the Bylaws. Except as provided in the Articles of Incorporation, each Director shall serve for the term provided in the Bylaws. Any Director may be removed from office at any time, with or without cause, by the District.

The initial Chairperson shall be [ ].

All other matters pertaining to the internal affairs of the Corporation shall be governed by the Bylaws of the Corporation, so long as such Bylaws are not inconsistent with these Articles of Incorporation, or the laws of the State of Texas.

#### **ARTICLE VII**

The street address of the initial registered office of the Corporation is 9610 Long Point Road, Suite 150, Houston, Texas 77055, and the name of its initial registered agent at such address is David Hawes.



## ARTICLE VIII

The number of Directors initially constituting the Board is [\_\_\_\_\_]. The names, addresses, and positions of the [\_\_\_\_\_] initial Directors, each of whom resides within the District, are:

<u>POSITION NUMBER</u>	<u>NAME</u>	<u>ADDRESS</u>
1		
2		
3		
4		
5		
6		
7		
8		
9		

## ARTICLE IX

The names and street addresses of the incorporators, each of whom resides within the District, are:

<u>NAME</u>	<u>ADDRESS</u>
-------------	----------------

## ARTICLE X

The Resolution Approving the Creation of Hobby Area Improvement Corporation; Approving the Articles of Incorporation and the Bylaws Thereof; Confirming the Appointment of the Initial Directors and Chairperson; and Containing Findings and Other Provisions Relating

to the Subject approving the form of these Articles of Incorporation has been adopted by the District on \_\_\_\_\_, 2015.

#### **ARTICLE XI**

No Director shall be liable to the Corporation for monetary damages for an act or omission in the Director's capacity as a Director, except for liability (i) for any breach of the Director's duty of loyalty to the Corporation, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for any transaction from which the Director received an improper benefit, whether or not the benefit resulted from an act taken within the scope of the Director's office, or (iv) for acts or omissions for which the liability of a Director is expressly provided by statute. Any repeal or amendment of this Article by the Directors shall be prospective only, and shall not adversely affect any limitation on the personal liability of a Director existing at the time of such repeal or amendment. In addition to the circumstances in which a Director is not personally liable as set forth in the preceding sentences, a Director shall not be liable to the fullest extent permitted by any amendment to the Texas statutes hereafter enacted that further limits the liability of a Director.

#### **ARTICLE XII**

In accordance with the provisions of Section 501(c)(3) of the Code, and regardless of any other provisions of these Articles of Incorporation or the laws of the State of Texas, the Corporation: (a) shall not permit any part of the net earnings of the Corporation to inure to the benefit of any private individual (except that reasonable compensation may be paid for personal services rendered to or for the Corporation in effecting one or more of its purposes); (b) shall not devote more than an insubstantial part of its activities to attempting to influence legislation by propaganda or otherwise; (c) shall not participate in, or intervene in (including the publication or distribution of statements), any political campaign on behalf of any candidate for public office; and (d) shall not attempt to influence the outcome of any election for public office or to carry on, directly or indirectly, any voter registration drives. Any income earned by the Corporation after payment of reasonable expenses, debt and establishing a reserve shall accrue to the District.

The District shall at all times have an unrestricted right to receive any income earned by the Corporation, exclusive of amounts needed to cover reasonable expenditures and reasonable reserves for future activities. No part of the Corporation's income shall inure to the benefit of any private interests.

If the Board of Directors determines by resolution that the purposes for which the Corporation was formed have been substantially met and all bonds issued by and all obligations incurred by the Corporation have been fully paid, the Board shall execute a certificate of dissolution which states those facts and declares the Corporation dissolved in accordance with the requirements of Section 394.026 of Texas Local Government Code, or with applicable law then in existence. In the event of dissolution or liquidation of the Corporation, all assets will be turned over to the District.

### ARTICLE XIII

If the Corporation is a private foundation within the meaning of Section 509(a) of the Code, the Corporation: (a) shall distribute its income for each taxable year at such time and in such manner as not to become subject to the tax on undistributed income imposed by Section 4942 of the Code; (b) shall not engage in any act of self-dealing as defined in Section 4941(d) of the Code; (c) shall not retain any excess business holdings as defined in Section 4943(c) of the Code; (d) shall not make any investments in such manner as to subject it to tax under Section 4944 of the Code; and (e) shall not make any taxable expenditures as defined in Section 4945(d) of the Code.

### ARTICLE XIV

Subject to the Act and the Code and all other terms, provisions and limitations contained herein and in the bonds and other obligations of the Corporation, the District may at any time consider and approve an order directing the Board to proceed with the dissolution of the Corporation, at which time the Board shall proceed with the dissolution of the Corporation in accordance with applicable state law. The failure of the Board to proceed with the dissolution of the Corporation in accordance with this Section shall be deemed a cause for the removal from office of any or all of the Directors as permitted by Article VI of these Articles of Incorporation.

### ARTICLE XV

These Articles may not be changed or amended unless approved by the Board of Directors of the District.

IN WITNESS WHEREOF, we have hereunto set our hands this\_\_\_\_ day of \_\_\_\_\_, 2015.

\_\_\_\_\_  
[Insert Name]

\_\_\_\_\_  
[Insert Name]

\_\_\_\_\_  
[Insert Name]

THE STATE OF TEXAS

§  
§  
§

COUNTY OF HARRIS

BEFORE ME, the undersigned authority, on this day personally appeared \_\_\_\_\_, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the \_\_\_\_ day of \_\_\_\_\_, 2015.

\_\_\_\_\_  
Notary Public in and for  
The State of Texas

THE STATE OF TEXAS

§  
§  
§

COUNTY OF HARRIS

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\_\_\_\_\_  
Notary Public in and for  
The State of Texas



THE STATE OF TEXAS

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COUNTY OF HARRIS

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GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the \_\_\_\_ day of \_\_\_\_\_, 2015.

\_\_\_\_\_  
Notary Public in and for  
The State of Texas

**BYLAWS**

**OF**

**HOBBY AREA IMPROVEMENT CORPORATION**

A Texas Local Government Corporation  
(Created on behalf of Hobby Area Management District)

Dated of Adoption: \_\_\_\_\_, 2015

**BYLAWS**  
**OF**  
**HOBBY AREA IMPROVEMENT CORPORATION**

**ARTICLE I**

**PURPOSES**

Hobby Area Improvement Corporation (the "Corporation") is organized and will be operated exclusively for one or more charitable purposes, within the meaning of Section 501(c)(3) of the U.S. Internal Revenue Code of 1986, as amended (the "Code"). The Corporation is further organized for the purpose of aiding, assisting, and acting on behalf of the Hobby Area Management District (the "District") in the performance of its governmental functions to promote the common good and general welfare of the District and neighboring areas, to promote, develop, encourage and maintain housing, educational facilities, employment, commerce and economic development in the District.

The Corporation shall have and exercise all of the rights, powers, privileges, authority, and functions given by the general laws of Texas to non-profit corporations incorporated under the Act including, without limitation, Article 1396, Texas Revised Civil Statutes.

The Corporation is formed pursuant to the provisions of the Act as it now or may hereafter be amended, and Chapter 394, Local Government Code, which authorizes the Corporation to assist and act on behalf of the District and to engage in activities in the furtherance of the purposes for its creation.

The Corporation shall have all other powers of a like or different nature not prohibited by law which are available to non-profit corporations in Texas and which are necessary or useful to enable the Corporation to perform the purposes for which it is created. The Corporation is created as a local government corporation pursuant to the Act and shall be a governmental unit within the meaning of Section 101.001(2), Texas Civil Practice and Remedies Code. The operations of the Corporation are governmental and not proprietary functions for purposes of the Texas Tort Claims Act, Section 101.001 et seq., Texas Civil Practice and Remedies Code. The Corporation shall have the power to acquire land in accordance with the Act as amended from time to time.

**ARTICLE II**

**BOARD OF DIRECTORS**

*Section 1. Appointment, Classes, Powers, Number, and Term of Office.* All powers of the Corporation shall be vested in the Board of Directors (the "Board"). The Board shall initially consist of [ ] persons. Directors of the Corporation ("Director" or "Directors") shall be appointed by position to the Board by the District. The Chairman of the Board shall always be appointed by the District.

Each Director shall serve for a term which expires on the date set forth below for the position to which such person was appointed, or until his or her successor is appointed by the District unless such Director has been appointed to fill an unexpired term in which case the term of the Director shall expire on the expiration date of the term of the Director whose position he or she was appointed to fill. Any Director may be removed from office at any time, with or without cause, by the District. The number of Directors may only be increased or decreased by an amendment to the Bylaws with the consent of the District.

*Section 2. Meetings of Directors.* The Directors may hold their meetings and may have an office and keep the books of the Corporation at such place or places within the District as the Board may from time to time determine; provided, however, in the absence of any such determination, such place shall be the registered office of the District in the State of Texas.

The Board shall meet in accordance with and file notice of each meeting of the Board for the same length of time and in the same manner and location as is required of a City under Chapter 551, Government Code (the "Open Meetings Act").

The Corporation, the Board, and any committee of the Board exercising the powers of the Board are subject to Chapter 552, Government Code (the "Open Records Act").

*Section 3. Annual Meetings.* The annual meeting of the Board shall be held at the time and at the location in the District designated by the resolution of the Board for the purposes of transacting such business as may be brought before the meeting.

*Section 4. Regular Meetings.* Regular meetings of the Board shall be held at such times and places as shall be designated, from time to time, by resolution of the Board.

*Section 5. Special and Emergency Meetings.* Special and emergency meetings of the Board shall be held whenever called by the Chairperson of the Board or the Secretary or by a majority of the Directors who are serving duly appointed terms of office at the time the meeting is called.

The Secretary shall give notice of each special meeting in person, by telephone, facsimile, mail or telegraph at least three days before the meeting to each Director. Notice of each emergency meeting shall also be given in the manner required of the City under Section 551.045 of the Open Meetings Act. Unless otherwise indicated in the notice thereof, any and all matters pertaining to the purposes of the Authority may be considered and acted upon at a special or emergency meeting. At any meeting at which every Director shall be present, even though without any notice, any matter pertaining to the purposes of the Authority may be considered and acted upon to the extent allowed by the Open Meetings Act.

*Section 6. Quorum.* A majority of the Board shall constitute a quorum for the consideration of matters pertaining to the purposes of the Authority. If at any meeting of the Board there is less than a quorum present, a majority of those present may adjourn the meeting from time to time. The act of a majority of the Directors present and voting at a meeting at which a quorum is in attendance shall constitute the act of the Board, unless the act of a greater number is required by law, by the Articles of Incorporation, or by these Bylaws.

A Director who is present at a meeting of the Board at which any corporate action is taken shall be presumed to have assented to such action unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Authority immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of the action.

*Section 7. Conduct of Business.* At the meetings of the Board, matters pertaining to the purposes of the Authority shall be considered in such order as from time to time the Board may determine.

At all meetings of the Board, the Chairperson shall preside, and in the absence of the Chairperson, the Vice Chairperson shall preside. In the absence of the Chairperson and the Vice Chairperson, a chairperson shall be chosen by the Board from among the Directors present.

The Secretary of the Corporation shall act as secretary of all meetings of the Board, but in the absence of the Secretary, the presiding officer may appoint any person to act as secretary of the meeting.



**Section 8. *Executive Committee, Other Committees.*** The Board may, by resolution passed by a majority of the Directors, designate two or more Directors to constitute an executive committee or other type of committee. To the extent provided in the authorizing resolution, a committee shall have and may exercise all of the authority of the Board in the management of the Corporation, except where action of the Board is specified by statute. A committee shall act in the manner provided in the authorizing resolution. Each committee so designated shall keep regular minutes of the transactions of its meetings and shall cause such minutes to be recorded in books kept for that purpose in the office of the Authority, and shall report the same to the Board from time to time. Committees authorized to exercise the powers of the Board shall give notice of any meeting in the manner required for a meeting of the Board.

**Section 9. *Compensation of Directors.*** Directors, as such, shall not receive any salary or compensation for their services as Directors; provided, that nothing contained herein shall be construed to preclude any Director from receiving compensation which is not excessive and which is at commercially reasonable rates for personal services (rendered in other than a "Director" capacity) which are reasonable and necessary in carrying out the District's purposes.

**Section 10. *Board of Advisory Directors.*** The Board may establish a Board of Advisory Directors composed of members who are, in the judgment of the Board, qualified to advise with respect to the activities of the Corporation. Members of the Board of Advisory Directors shall serve for a term of one year or such longer term as may be fixed by the Board, not to exceed four years. Advisory Directors may be removed by the Board at any time with or without cause. The number of members of the Board of Advisory Directors shall be fixed from time to time by the Board. The officers and Directors of the Corporation may consult with the Board of Advisory Directors from time to time with respect to the activities of the Corporation but the Board of Advisory Directors shall in no way restrict the powers of the Board nor limit its responsibilities or obligations. The Board of Advisory Directors shall have no responsibility for the management of the affairs of the Corporation. Advisory Directors shall not receive any salary or compensation for their services as Advisory Directors; provided, that nothing contained herein shall be construed to preclude any Advisory Director from receiving compensation which is not excessive and which is at commercially reasonable rates for personal services (rendered in other than an "Advisory Director" capacity) which are reasonable and necessary in carrying out the Authority's purposes.

**Section 11. *Director's Reliance on Consultant Information.*** A Director shall not be liable if while acting in good faith and with ordinary care, he relies on information, opinions, reports, or statements, including financial statements and other financial data, concerning the Corporation or another person, that were prepared or presented by:

- (a) one or more other officers or employees of the Corporation;
- (b) legal counsel, public accountants, or other persons as to matters the officer reasonably believes are within the person's professional or expert competence; or
- (c) a committee of the Board of which the Director is not a member.

### ARTICLE III

#### OFFICERS

**Section 1. *Titles and Term of Office.*** The officers of the Corporation shall be a chairperson of the Board, one or more vice chairpersons of the Board, a president, one or more vice presidents, a secretary, a treasurer, and such other officers as the Board may from time to time elect or appoint. One person may hold more than one office, except that neither the Chairperson of the Board nor the President shall hold the office of Secretary. The term of office for each officer (other than the Chairperson) shall be two years commencing with the date of the annual meeting of the Board at which each such officer is elected. The Chairperson shall serve for a one year term.

All officers (other than the Chairperson) shall be subject to removal, with or without cause, at any time by a vote of a majority of the whole Board.

A vacancy in the office of any officer (other than the Chairperson) shall be filled by the Board.

*Section 2. Powers and Duties of the Chairperson.* The Chairperson shall be a member of the Board and shall preside at all meetings of the Board. The Chairperson shall be designated by the Mayor of the City. He or she shall have such duties as are assigned by the Board. The Chairperson may call special or emergency meetings of the Board.

*Section 3. Powers and Duties of the Vice Chairperson.* The Vice Chairperson shall be a member of the Board. The Vice Chairperson shall perform the duties and exercise the powers of the Chairperson upon the Chairperson's death, absence, disability, or resignation, or upon the Chairperson's inability to perform the duties of his or her office. Any action taken by the Vice Chairperson in the performance of the duties of the Chairperson shall be conclusive evidence of the absence or inability to act of the Chairperson at the time such action was taken.

*Section 4. Powers and Duties of the President.* The President shall be the principal executive officer of the Corporation and, subject to the Board, he or she shall be in general charge of the properties and affairs of the Corporation. In furtherance of the purposes of the Corporation and subject to the limitations contained in the Articles of Incorporation, the President, Chairperson, or Vice Chairperson may sign and execute all bonds, notes, deeds, conveyances, franchises, assignments, mortgages, notes, contracts and other obligations in the name of the Corporation.

*Section 5. Vice Presidents.* A Vice President shall have such powers and duties as may be assigned to him or her by the Board or the President, including the performance of the duties of the President upon the death, absence, disability, or resignation of the President, or upon the President's inability to perform the duties of his or her office. Any action taken by the Vice President in the performance of the duties of the President shall be conclusive evidence of the absence or inability to act of the President at the time such action was taken.

*Section 6. Treasurer.* The Treasurer shall have custody of all the funds and securities of the Corporation which come into his or her hands. When necessary or proper, he or she may endorse, on behalf of the Corporation, for collection, checks, notes and other obligations and shall deposit the same to the credit of the Corporation in such bank or banks or depositories as shall be designated in the manner prescribed by the Board; he or she may sign all receipts and vouchers for payments made to the Corporation, either alone or jointly with such other officer as is designated by the Board; whenever required by the Board, he or she shall render a statement of his or her case account; he or she shall enter or cause to be entered regularly in the books of the Corporation to be kept by him or her for that purpose full and accurate accounts of all moneys received and paid out on account of the Corporation; he or she shall perform all acts incident to the position of Treasurer subject to the control of the Board; and he or she shall, if required by the Board, give such bond for the faithful discharge of his or her duties in such form as the Board may require.

*Section 7. Secretary.* The Secretary shall keep the minutes of all meetings of the Board in books provided for that purpose; he or she shall attend to the giving and serving of all notices; in furtherance of the purposes of the Corporation and subject to the limitations contained in the Articles of Incorporation, he or she may sign with the President in the name of the Corporation and/or attest the signatures thereof, all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes and other instruments of the Corporation; he or she shall have charge of the Corporation's books, records, documents and instruments, except the books of account and financial records and securities of which the Treasurer shall have custody and charge, and such other books and papers as the Board may direct, all of which shall at all reasonable times be open to the inspection of any Director upon application at the office of the Corporation during business hours; and, he or she shall in general perform all duties incident to the office of Secretary subject to the control of the Board.

*Section 8. Compensation.* Officers may be entitled to receive such salary or compensation for personal services which are necessary and reasonable in carrying out the Corporation's purposes as the Board may from time to time determine, provided, that in no event shall the salary or compensation be excessive. Board members, even if its officers, are not entitled to compensation except as otherwise provided in Article II, Section 9.

*Section 9. Officer's Reliance on Consultant Information.* In the discharge of a duty imposed or power conferred on an officer of the Authority, the officer may in good faith and with ordinary care rely on information, opinions, reports, or statements, including financial statements and other financial data, concerning the Corporation or another person, that were prepared or presented by:

- (a) one or more other officers or employees of the Corporation, including members of the Board; or
- (b) legal counsel, public accountants, or other persons as to matters the officer reasonably believes are within the person's professional or expert competence.

## ARTICLE IV

### MISCELLANEOUS PROVISIONS

*Section 1. Fiscal Year.* The fiscal year of the Corporation shall be as determined by the Board.

*Section 2. Seal.* The seal of the Corporation shall be such as from time to time may be approved by the Board.

*Section 3. Notice and Waiver of Notice.* Whenever any notice whatever is required to be given under the provisions of these Bylaws, such notice shall be deemed to be sufficient if given by depositing the same in a post office box in a sealed postpaid wrapper addressed to the person entitled thereto at his or her post office address, as it appears on the books of the Authority, and such notice shall be deemed to have been given on the day of such mailing. A waiver of notice, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

*Section 4. Resignations.* Any Director, officer or Advisory Director may resign at any time. Such resignations shall be made in writing and shall take effect at the time specified therein, or, if no time be specified, at the time of its receipt by the President or Secretary. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

*Section 5. Gender.* References herein to the masculine gender shall also refer to the feminine in all appropriate cases and vice versa.

*Section 6. Appropriations and Grants.* The Authority shall have the power to request and accept any appropriation, grant, contribution, donation, or other form of aid from the federal government, the State, any political subdivision, or municipality in the State, or from any other source.

## ARTICLE V

### INDEMNIFICATION OF DIRECTORS AND OFFICERS

*Section 1. Right to Indemnification.* Subject to the limitations and conditions as provided in this Article V and the Articles of Incorporation, each person who was or is made a party or is threatened to be made a party to or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative or investigative (hereinafter a "proceeding"), or any appeal in such a proceeding or any inquiry or investigation that could lead to such a proceeding, by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a Director or officer of the Corporation or while a Director or officer of the Corporation is or was serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise shall be indemnified by the Corporation to the fullest extent permitted by the Texas Non Profit Corporation Act, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment) against judgments, penalties (including excise and similar taxes and punitive damages), fines,

settlements and reasonable expenses (including, without limitation, attorneys' fees) actually incurred by such person in connection with such proceeding, and indemnification under this Article V shall continue as to a person who has ceased to serve in the capacity which initially entitled such person to indemnity hereunder. The rights granted pursuant to this Article V shall be deemed contract rights, and no amendment, modification or repeal of this Article V shall have the effect of limiting or denying any such rights with respect to actions taken or proceedings arising prior to any such amendment, modification or repeal. It is expressly acknowledged that the indemnification provided in this Article V could involve indemnification for negligence or under theories of strict liability.

*Section 2. Advance Payment.* The right to indemnification conferred in this Article V shall include the right to be paid in advance or reimbursed by the Authority the reasonable expenses incurred by a person of the type entitled to be indemnified under Section 1 who was, is or is threatened to be made a named defendant or respondent in a proceeding in advance of the final disposition of the proceeding and without any determination as to the person's ultimate entitlement to indemnification; provided, however, that the payment of such expenses incurred by any such person in advance of the final disposition of a proceeding, shall be made only upon delivery to the Corporation of a written affirmation by such Director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification under this Article V and a written undertaking, by or on behalf of such person, to repay all amounts so advanced if it shall ultimately be determined that such indemnified person is not entitled to be indemnified under this Article V or otherwise.

*Section 3. Indemnification of Employees and Agents.* The Corporation, by adoption of a resolution of the Board, may indemnify and advance expenses to an employee or agent of the Corporation to the same extent and subject to the same conditions under which it may indemnify and advance expenses to Directors and officers under this Article V; and the Corporation may indemnify and advance expenses to persons who are not or were not Directors, officers, employees or agents of the Corporation but who are or were serving at the request of the Corporation as a Director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise against any liability asserted against him or her and incurred by him or her in such a capacity or arising out of his or her status as such a person to the same extent that it may indemnify and advance expenses to Directors under this Article V.

*Section 4. Appearance as a Witness.* Notwithstanding any other provision of this Article V, the Corporation may pay or reimburse expenses incurred by a Director or officer in connection with his or her appearance as a witness or other participation in a proceeding involving the Corporation or its business at a time when he or she is not a named defendant or respondent in the proceeding.

*Section 5. Non-exclusivity of Rights.* The right to indemnification and the advancement and payment of expenses conferred in this Article V shall not be exclusive of any other right which a Director or officer or other person indemnified pursuant to Section 3 of this Article V may have or hereafter acquire under any law (common or statutory), provision of the Articles of Incorporation of the Corporation or these Bylaws, agreement, vote of shareholders or disinterested Directors or otherwise.

*Section 6. Insurance.* The Corporation may purchase and maintain insurance, at its expense, to protect itself and any person who is or was serving as a Director, officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as a Director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation, partnership, joint venture, proprietorship, employee benefit plan, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under this Article V.

*Section 7. Notification.* Any indemnification of or advance of expenses to a Director or officer in accordance with this Article V shall be reported in writing to the members of the Board with or before the notice of the next regular meeting of the Board and, in any case, within the 12 month period immediately following the date of the indemnification or advance.

*Section 8. Savings Clause.* If this Article V or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Authority shall nevertheless indemnify and hold harmless



each Director, officer or any other person indemnified pursuant to this Article V as to costs, charges and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative, to the full extent permitted by any applicable portion of this Article V that shall not have been invalidated and to the fullest extent permitted by applicable law.

## ARTICLE VI

### CODE OF ETHICS

#### *Section 1. Policy and Purposes.*

(a) It is the policy of the Corporation that Directors and officers conduct themselves in a manner consistent with sound business and ethical practices; that the public interest always be considered in conducting corporate business; that the appearance of impropriety be avoided to ensure and maintain public confidence in the Corporation; and that the Board establish policies to control and manage the affairs of the Corporation fairly, impartially, and without discrimination.

(b) This Code of Ethics has been adopted as part of the Corporation's Bylaws for the following purposes: (a) to encourage high ethical standards in official conduct by Directors and corporate officers; and (b) to establish guidelines for such ethical standards of conduct.

#### *Section 2. Conflicts of Interest.*

(a) Except as provided in subsection (c), a Director or officer is prohibited from participating in a vote, decision, or award of a contract involving a business entity or real property in which the Director or the officer has a substantial interest, if it is foreseeable that the business entity or real property will be economically benefited by the action. A person has a substantial interest in a business (i) if his or her ownership interest is ten percent or more of the voting stock or shares of the business entity or ownership of \$15,000 or more of the fair market value of the business entity, or (ii) if the business entity provides more than ten percent of the person's gross income. A person has a substantial interest in real property if the interest is an equitable or legal ownership with a fair market value of \$2,500 or more. An interest of a person related in the second degree by affinity or the third degree by consanguinity to a Director or officer is considered a substantial interest.

(b) If a Director or a person related to a Director in the first or second degree by affinity or the first, second, or third degree by consanguinity has a substantial interest in a business entity or real property that would be pecuniarily affected by any official action taken by the Board, such Director, before a vote or decision on the matter, shall file an affidavit stating the nature and extent of the interest. The affidavit shall be filed with the Secretary of the Board.

(c) A Director who has a substantial interest in a business entity that will receive a pecuniary benefit from an action of the Board may vote on that action if a majority of the Board has a similar interest in the same action or if all other similar business entities in the Corporation will receive a similar pecuniary benefit.

(d) An employee of a public entity may serve on the Board.

*Section 3. Acceptance of Gifts.* No Director or officer shall accept any benefit as consideration for any decision, opinion, recommendation, vote or other exercise of discretion in carrying out official acts for the Corporation. No Director or officer shall solicit, accept, or agree to accept any benefit from a person known to be interested in or likely to become interested in any contract, purchase, payment, claim or transaction involving the exercise of the Director's or officer's discretion. As used here, "benefit" does not include:

(a) a fee prescribed by law to be received by a Director or officer or any other benefit to which the Director or officer is lawfully entitled or for which he gives legitimate consideration in a capacity other than as a Director or officer;

(b) a gift or other benefit conferred on account of kinship or a personal, professional, or business relationship independent of the official status of the Director or officer;

(c) an honorarium in consideration for legitimate services rendered above and beyond official duties and responsibilities if:

(1) not more than one honorarium is received from the same person in a calendar year;

(2) not more than one honorarium is received for the same service; and

(3) the value of the honorarium does not exceed \$250 exclusive of reimbursement for travel, food, and lodging expenses incurred by the Director or officer in performance of the services;

(d) a benefit consisting of food, lodging, transportation, or entertainment accepted as a guest is reported as may be required by law.

*Section 4. Bribery.* A Director or officer shall not intentionally or knowingly offer, confer or agree to confer on another, or solicit, accept, or agree to accept from another:

(a) any benefit as consideration for the Director's or officer's decision, opinion, recommendation, vote, or other exercise of discretion as a Director or officer;

(b) any benefit as consideration for the Director's or officer's decision, vote, recommendation, or other exercise of official discretion in a judicial or administrative proceeding; or

(c) any benefit as consideration for a violation of a duty imposed by law on the Director or officer.

*Section 5. Nepotism.* No Director or officer shall appoint, or vote for, or confirm the appointment to any office, position, clerkship, employment or duty, of any person related within the second degree by affinity (marriage relationship) or within the third degree of consanguinity (blood relationship) to the Director or officer so appointing, voting or confirming, or to any other Director or officer. This provision shall not prevent the appointment, voting for, or confirmation of any person who shall have been continuously employed in any such office, position, clerkship, employment or duty at least 30 days prior to the appointment of the Director or officer so appointing or voting.

## ARTICLE VII

### AMENDMENTS

A proposal to alter, amend, or repeal these Bylaws shall be made by the affirmative vote of a majority of the full Board at any annual or regular meeting, or at any special meeting if notice of the proposed amendment be contained in the notice of said special meeting. However, any proposed change or amendment to the Bylaws must be approved by the District to be effective.

APPLICATION TO THE BOARD OF DIRECTORS OF HOBBY AREA  
MANAGEMENT DISTRICT FOR CREATION OF HOBBY AREA  
IMPROVEMENT CORPORATION, AND THE APPROVAL OF THE  
ARTICLES OF INCORPORATION AND BYLAWS THEREOF

RECITALS

Chapter 3815, Special District Local Laws Code, authorizes the District to create a public nonprofit corporation under Subchapter D, Transportation Code .

D of Chapter 431, Texas Transportation Code (the "Act"), authorizes the creation and organization of public non-profit local government corporations to act as a duly constituted authority of a local government to aid and assist the city in the performance of one or more governmental or proprietary functions.

The Act provides that a local government corporation is to be created and organized pursuant to certain of the provisions of Chapter 394, Texas Local Government Code (the "Code"). The Act further provides that a local government corporation may have and exercise the powers prescribed by Article 1396, Vernon's Texas Civil Statutes (the "Statutes"). A local government corporation's articles of incorporation and bylaws shall be in the form and be executed, approved, and filed in the manner prescribed by the Statutes.

The Statutes requires as a condition to the creation of a local government corporation that at least three (3) residents of the district who are citizens of the state and at least eighteen (18) years of age submit a written application for the incorporation of the local government corporation.

NOW, THEREFORE, the undersigned petition and make application to the Board of Directors of Hobby Area Management District (the "District") and represent to the District as follows:

I. Pursuant to and in accordance with the Statutes, the undersigned three (3) individuals, each of whom is a citizen of the State of Texas, a resident of the District and over the age of eighteen (18) years, make application to and request the Board of Directors of the District, to approve and authorize the creation of a public non-profit local government corporation to be designated and known as the Hobby Area Improvement Corporation (the "Corporation"). The Corporation shall have and exercise all of the powers prescribed by the Code and the Act.

II. The undersigned further request the Board of Directors of the District to approve the incorporation of the Corporation with Articles of Incorporation and Bylaws in substantially the form attached hereto as Exhibits "A" and "B" respectively.

III. The undersigned further represent that duly executed original counterparts of this Application have been presented to and filed with the Secretary of the District in proper and due time, form, and manner; that this Application constitutes a proper and sufficient application to the Board of Directors of the District for approval and authorization of the creation of a public

non-profit local government corporation as required by the Statutes; and that the Board of Directors of the District may properly consider and act upon this Application.

WHEREFORE, the undersigned respectfully request the Board of Directors of the District to approve this Application in all respects and to grant the relief herein requested and to take such further and additional actions and proceedings as may be deemed necessary and proper in connection therewith.

RESPECTFULLY SUBMITTED this \_\_\_\_ day of \_\_\_\_\_, 2015.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



THE STATE OF TEXAS           §  
   §  
COUNTY OF HARRIS           §

BEFORE ME, the undersigned authority, on this day personally appeared \_\_\_\_\_, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the \_\_\_\_ day of \_\_\_\_\_, 2015.

\_\_\_\_\_  
Notary Public

THE STATE OF TEXAS           §  
   §  
COUNTY OF HARRIS           §

BEFORE ME, the undersigned authority, on this day personally appeared \_\_\_\_\_, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the \_\_\_\_ day of \_\_\_\_\_, 2015.

\_\_\_\_\_  
Notary Public

THE STATE OF TEXAS           §  
   §  
COUNTY OF HARRIS           §

BEFORE ME, the undersigned authority, on this day personally appeared \_\_\_\_\_, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the \_\_\_\_ day of \_\_\_\_\_, 2015.

\_\_\_\_\_  
Notary Public

HOBBY AREA MANAGEMENT DISTRICT  
(HARRIS COUNTY IMPROVEMENT DISTRICT NUMBER 9)  
CITY OF HOUSTON  
HARRIS COUNTY, TEXAS

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**AGENDA MEMORANDUM**

TO: Hobby Area Management District Board of Directors

FROM: Executive Director

SUBJECT: Agenda Item Materials

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8. Consider a Broadway Boulevard Maintenance Agreement between the District and the City of Houston for enhanced non-typical infrastructure.

**MAINTENANCE AGREEMENT**

**BETWEEN**

**THE CITY OF HOUSTON**

**AND**

**HARRIS COUNTY IMPROVEMENT DISTRICT NO. 9**

## MAINTENANCE AGREEMENT

THE STATE OF TEXAS

§

COUNTY OF HARRIS

§

§

This **MAINTENANCE AGREEMENT** ("Agreement") is made on the date countersigned by the City Controller ("Effective Date") and entered into by and between the **CITY OF HOUSTON**, a home-rule city of the State of Texas, principally situated in Harris County ("City"), acting by and through its governing body, the City Council, and the **HARRIS COUNTY IMPROVEMENT DISTRICT NO. 9** (the "District"), a municipal management district created by the state of Texas, acting by and through its governing body, the Board of Directors. The City and the District may be referred to collectively as the "Parties" and individually as a "Party."

### WITNESSETH:

**WHEREAS**, the District was created by the State of Texas to provide management services and improvements within the boundaries described in **Exhibit A** ("Service Area"), attached to and incorporated into this Agreement for all purposes; and

**WHEREAS**, the City, through the Municipal Code of Ordinances, requires abutting property owners to maintain improvements in the public right of way, including, trimming trees, (Sec. 40-14); controlling weeds between the private property line and the curb in the right of way (Sec. 10-451(b)10); repairing sidewalks, curbs and gutters (Sec. 40-84); and

**WHEREAS**, the District has agreed to maintain certain improvements and embellishments within the boundaries of its Service Area that are beyond those already covered by existing maintenance provisions of the City of Houston Code of Ordinances, including wayfinding signs and pavers in crosswalks and roadways, and other related improvements ("Improvements") as described in **Exhibit B**, attached to and incorporated into this Agreement for all purposes; and

**WHEREAS**, the City has agreed to allow certain Improvements with the understanding that (1) the District will assume the responsibility of maintaining the Improvements described in **Exhibit B** and (2) the District will not assume the responsibilities of abutting owners already provided in the City of Houston Code of Ordinances that include but are not limited to Sections 40-14, 10-451(b)10, 40-84; and

**WHEREAS**, the City and the District have agreed as to their respective duties and obligations concerning the ownership, operation, maintenance, repair, and replacement of the Improvements.

**NOW, THEREFORE**, for and in consideration of the mutual covenants, agreements and benefits to the parties herein named, it is agreed as follows:

### **I. RIGHT OF ENTRY AND SERVICE AREA**

- 1.1. All Improvements will lie within the City's rights-of-way within the District's Service Area as described in **Exhibit A**. The City grants the District the right to enter into the Service Area to maintain the Improvements. The City hereby agrees that the Service Area may be adjusted and **Exhibit A** may be amended from time to time, upon the District's submittal to the Director of the Department of Public Works and Engineering ("Director") of a new map, substantially in the form of **Exhibit A**, to include any area lawfully added or annexed or to exclude any area that this is no longer within the boundaries of the Service Area. Such amendments will become effect upon the signed agreement between the District and Director.

### **II. OWNERSHIP**

- 2.1. All Improvements within the City's rights-of-way shall be the property of the City.

### **III. MAINTENANCE**

- 3.1. **Exhibit B** lists and maps the type, frequency and standard of maintenance, and location of Improvements that the District shall maintain. **Exhibit B**, as such document may be amended from time to time to include additional improvements in the City's rights-of-way, shall form the record of Improvements that the District is obligated to maintain. The District shall submit updates to **Exhibit B** from time to time, as necessary to reflect any amendments, for review and approval by the Director. Such approval shall not be unreasonably withheld.
- 3.2. Additional maintenance obligations may be added to **Exhibit B** only with the written consent of the District and the Director. Upon the District approving an Improvement and agreeing to maintain such Improvement, the District shall assume full responsibility for the maintenance, repair and replacement of the Improvement, except as specified in this Article IV. The District shall not be obligated to maintain, repair or replace any element installed by others that it has not approved and agreed to maintain. The District shall obtain the required permits for maintenance work that affects traffic flow and pedestrian passage.



- 3.3. The District shall maintain, repair, or replace the Improvements described in **Exhibit B** to the extent and in the same manner as for other like facilities within the City. It is specifically agreed that the City shall have no responsibility for the condition or maintenance of any Improvement except as specified in Article IV and Article V. Except as enumerated in this Agreement, the District shall pay all costs related to the operation, maintenance, and repair of any Improvements.

#### **IV. CITY OBLIGATIONS**

- 4.1. The City shall perform the following maintenance obligations under this Agreement pertaining to management of street and sidewalk repair work that could impact or damage the Improvements:

4.1.1. Subject to the appropriation of funds, the City shall replace or repair, at the City's cost, any Improvement damaged during the course of and directly caused by the City's street or sidewalk repairs. This shall not include reinstallation of pavers, which are addressed in Paragraphs (b) and (c) of this Section.

4.1.2. In cases where pavers must be removed for city crews to complete repairs to crosswalks or roadways, including repairs to utilities and to road beds/concrete, the City shall notify the District when it initiates repair activity so that the District can schedule the reinstallation of the pavers without causing a delay to the completion of the City's repair activity. The City shall remove pavers as necessary, stack them behind the curb so that they do not obstruct pedestrian traffic, complete repairs, and replace the sub-grade materials (concrete roadway slab in crosswalks and cement stabilized sand and/or concrete in sidewalk areas) to match surrounding conditions, and notify the District upon completion. The City shall exercise care so as to not unnecessarily damage the pavers. The District shall complete repairs by reinstalling the sand leveling bed and replacing the pavers over the sub-grade materials installed by the City. If the District does not schedule the pavers to be reinstalled at the time the City has completed repairs, the City shall fill the work area in question to allow resumption of traffic flow. The District shall remove the stacked pavers within five days of completion of the City's repairs until such time as the District is able to schedule the reinstallation of the pavers. The notification and installation procedures described above in this Paragraph shall apply to all repair of pavers that have settled or displaced due to settlement or displacement of roadway sub-grades, road beds/concrete and/or utilities. However, it shall be the sole responsibility of the District to repair pavers that are settled or displaced for any other reason.

- 4.1.3. When installing or repairing regulatory signs or traffic sign poles in sidewalks with pavers, the City shall notify the District when it initiates repair activity so that the District can schedule the reinstallation of the pavers without causing a delay to the completion of the City's repair activity. The City shall remove pavers as necessary, stack them so that they do not obstruct pedestrian traffic, complete sign installation or repairs, and notify the District upon completion. The City shall exercise care so as to not unnecessarily damage pavers. The District shall then schedule the reinstallation of the pavers. If the District does not schedule the pavers to be reinstalled at the time the City has completed repairs, the City shall fill the work area in question to allow resumption of pedestrian traffic. The District shall remove the stacked pavers within five days of completion of the City's repairs until such time as the District is able to schedule the reinstallation of the pavers. If the District does not reinstall the pavers it shall replace the pavers with sub-grade materials (cement stabilized sand and/or concrete in sidewalk areas) to match surrounding conditions within five days of completion of the City's installation or repair of regulatory signs or traffic sign poles.
- 4.1.4. Notification as it applies to above Paragraphs 4.1.2. and 4.1.3. shall be by fax or email by the City to the District.
- 4.1.5. The City, in contracting with permittees and franchisees, shall require such permittees and franchisees to repair or replace pavers and other Improvements constructed in the right-of-way in accordance with City Ordinances 40-121 through 40-167, relating to Excavation in Public Way, and Ordinance 00-1115, as amended by Ordinance 01-203, the City's Street-Cut Ordinance, to the extent these ordinances apply, and as such ordinances may be amended or supplemented in the future. If Improvements are damaged by a private contractor working without a permit or franchise, then the City shall identify the responsible contractor and require that contractor to repair the damage at the contractor's cost, to the extent that the City is legally able. Additionally, the City, to the extent that it is able, shall require any producer of events within the Service Area to repair or replace damaged Improvements at the producer's cost. These provisions in this paragraph shall include reinstallation of pavers. The District is not responsible for repairing Improvements that are damaged by persons covered under this Paragraph.
- 4.1.6. If there is no alternative to removal of an Improvement in order for the City to perform new construction or planned major repairs of City facilities, then the City shall give the District at least 60 days advance written notice that the Improvement in question must be removed. The District will then remove the

Improvement in advance of City maintenance or construction activity. To the extent that it is able, the City shall accommodate the District's reinstallation of any Improvement that must be removed within the scope of construction of City facilities that required removal of said Improvement.

- 4.1.7. When a repair must be made under emergency conditions, then the City may remove an Improvement without advance notification to the District. In such cases, the City shall strive to minimize damage to the Improvement and to reinstall the Improvement upon completion of repairs. This provision pertains to all Improvements except pavers, which are addressed in Paragraphs 4.1.2. and 4.1.3. of this Section.

## V. FAILURE TO MAINTAIN

- 5.1. If the District fails to maintain, repair, or replace the Improvements, as such obligations are set forth in **Exhibit B**, the City may, in its sole discretion, alter, reduce, or authorize other changes to the Improvements to that of the District's standard of care for the same or similar improvements, provided, however, that the City shall first notify the District in writing of any Improvements that the City believes the District has failed to maintain, repair or replace, and give the District 30 days to cure any such failure.

## VI. INSURANCE

- 6.1. The District and its contractors hired to perform work under this Agreement shall maintain in effect certain insurance coverage and shall furnish certificates of insurance. The District shall maintain the insurance coverage in the following minimum coverages:

COVERAGE	LIMIT OF LIABILITY
Worker's Compensation including Broad Form All States endorsement	Statutory amount
Employer's Liability	<ul style="list-style-type: none"> <li>• Bodily injury by accident \$100,000 (each accident)</li> <li>• Body injury by disease \$100,000 (policy limit)</li> <li>• Bodily injury by disease \$100,000 (each employee)</li> </ul>
Commercial General Liability including Contractual Liability insurance	\$500,000 per occurrence; \$1,000,000.00 aggregate
Automobile Liability Insurance (for vehicles used in performing under this Agreement, including Non Ownership and Hired Auto Coverage)	\$1,000,000.00 combined single limit each occurrence

Professional Liability	\$2,000,000.00 per claim/aggregate
Excess Liability Coverage for Commercial General Liability and Automobile Liability	\$1,000,000.00
<b>Aggregate Limits are per 12-month policy period unless otherwise indicated.</b>	

- 6.2. All such insurance policies shall be obtained from insurance companies (1) with Certificates of Authority to transact insurance business in Texas or (2) that are eligible non-admitted insurers in the State of Texas and have a Best's rating of at least B+ and a Best financial Size Category of Class VI or better, according to the most current edition of Best's Key Rating Guide.
- 6.3. The City shall be an additional insured under this Agreement. Each policy, except those for Worker's Compensation, Employer's Liability, and Professional Liability, must name the City (and its officers, agents, and employees) as additional insured parties on the original policy and all renewals or replacement.
- 6.4. The District waives any claim or right of subrogation to recover against the City, its officers, agents, or employees and each of the District's insurance policies except professional liability.
- 6.5. The insurance carrier shall give 30 days' written notice to the Director before any policy or policies may be canceled or nonrenewed. Within the 30 day period, the District shall provide other suitable policies in lieu of those about to be canceled or nonrenewed so as to maintain in effect the required coverage.
- 6.6. If the District does not comply with this Article VI, the Director, at his or her sole discretion, may immediately suspend the District from any further performance under this Agreement and begin procedures to terminate for default.

## VII. INDEMNIFICATION

- 7.1. **TO THE EXTENT ALLOWED BY LAW, THE DISTRICT AGREES TO AND SHALL DEFEND, INDEMNIFY, AND HOLD THE CITY, ITS AGENTS, EMPLOYEES, OFFICERS, AND LEGAL REPRESENTATIVES (COLLECTIVELY THE "CITY") HARMLESS FOR ALL CLAIMS, CAUSES OF ACTION, LIABILITIES, FINES, AND EXPENSES (INCLUDING, WITHOUT LIMITATION, ATTORNEYS' FEES, COURT COSTS, AND ALL OTHER**

**DEFENSE COSTS AND INTEREST) FOR INJURY, DEATH, DAMAGE, OR LOSS TO PERSONS OR PROPERTY SUSTAINED IN CONNECTION WITH OR INCIDENTAL TO PERFORMANCE UNDER THIS AGREEMENT INCLUDING, WITHOUT LIMITATION, THOSE CAUSED BY:**

**7.1.1. THE DISTRICT AND/OR ITS AGENTS', EMPLOYEES', OFFICERS', DIRECTORS', CONTRACTORS', OR SUBCONTRACTORS' (COLLECTIVELY IN NUMBERED PARAGRAPHS 7.1.1-7.1.3, "DISTRICT") ACTUAL OR ALLEGED NEGLIGENCE OR INTENTIONAL ACTS OR OMISSIONS;**

**7.1.2. THE CITY'S AND THE DISTRICT'S ACTUAL OR ALLEGED CONCURRENT NEGLIGENCE, WHETHER THE DISTRICT IS IMMUNE FROM LIABILITY OR NOT; AND**

**7.1.3. THE CITY'S AND THE DISTRICT'S ACTUAL OR ALLEGED STRICT PRODUCTS LIABILITY OR STRICT STATUTORY LIABILITY, WHETHER THE DISTRICT IS IMMUNE FROM LIABILITY OR NOT.**

**7.2. THE DISTRICT SHALL DEFEND, INDEMNIFY, AND HOLD THE CITY HARMLESS DURING THE TERM OF THIS AGREEMENT AND FOR FOUR YEARS AFTER THE AGREEMENT TERMINATES. THE DISTRICT'S INDEMNIFICATION IS LIMITED TO \$500,000 PER OCCURRENCE. THE DISTRICT SHALL NOT INDEMNIFY THE CITY FOR THE CITY'S SOLE NEGLIGENCE.**

#### **VIII. RELEASE**

**8.1. TO THE EXTENT ALLOWED BY LAW, THE DISTRICT AGREES TO AND SHALL RELEASE THE CITY, ITS AGENTS, EMPLOYEES, OFFICERS, AND LEGAL REPRESENTATIVES (COLLECTIVELY THE "CITY") FROM ALL LIABILITY FOR INJURY, DEATH, DAMAGE, OR LOSS TO PERSONS OR PROPERTY SUSTAINED IN CONNECTION WITH OR INCIDENTAL TO PERFORMANCE UNDER THIS AGREEMENT, EVEN IF THE INJURY, DEATH, DAMAGE, OR LOSS IS CAUSED BY THE CITY'S CONCURRENT NEGLIGENCE AND/OR THE CITY'S STRICT PRODUCTS LIABILITY OR STRICT STATUTORY LIABILITY.**



## **IX. TERMINATION**

9. 1. This Agreement may be terminated by any of the following conditions:
  - 9.1.1. By mutual agreement and consent of the District and the Director;
  - 9.1.2. By either party, upon the failure of the other party to fulfill its obligations as set forth in this Agreement. To the extent permitted by law, the breaching party shall pay any cost incurred due to such breach;
  - 9.1.3. By the District, in the event that its current service and assessment plan expires or the District no longer has the authority to assess property in its Service Area to provide funding for the maintenance obligations herein; or
  - 9.1.4. By expiration of this Agreement and settlement of all accounts; or
  - 9.1.5. By the City, at will, as deemed necessary.
9. 2. Should the District terminate this Agreement, as prescribed here above, the District shall reimburse the City for any reasonable costs incurred by the City as a result thereof.
9. 3. If the District elects to terminate this Agreement, it shall do so in such a manner that the Improvements are operational and are not left in an unreasonably hazardous condition, and the District shall provide documentation to demonstrate the Improvements affected will be left in an operational condition and that termination of this Agreement will not create an unreasonably hazardous condition. If the District provides certification to the City that it has visually inspected the Improvements and that such Improvements are in operational condition and do not create an unreasonably hazardous condition, then the District shall be deemed to have complied with this Paragraph. If either party elects to terminate this Agreement at any time, for any reason, then that party shall notify the other in writing not less than 45 days prior to the termination.

## **X. PERIOD OF AGREEMENT**

10. 1. This Agreement is effective on the Countersignature Date as shown in the signature page of this Agreement and remains in effect until December 31, 2015, and thereafter shall be automatically renewed for consecutive one-year periods. If the City or the District chooses not to renew this Agreement, that party shall notify the other party in writing at least 30 days before expiration of the then current term.

## **XI. ASSIGNMENT**

11. 1. No party hereto shall make, in whole or in part, any assignment of this Agreement or any obligation hereunder without the prior written consent of the other party hereto. Notwithstanding the foregoing, the City hereby consents to any assignment by the District of all or a portion of its obligations under this Agreement as they relate to Improvements to be maintained by a third party, if the third party covenants to fulfill the assigned obligations in a form approved by the Director.

## **XII. NOTICES**

12. 1. All notices required or permitted hereunder shall be in writing and shall be deemed delivered on the earlier of the following dates: the date of actual receipt or the third day following deposit in a United States Postal Service post office or receptacle with proper postage affixed (certified mail, return receipt requested), addressed to the respective other party at the address prescribed herein below or at such other address as the receiving party may have theretofore prescribed by written notice to the sending party.

12. 2. Address for notice shall be as follows:

<b>CITY</b>	<b>DISTRICT</b>
Director Department of Public Works and Engineering City of Houston P.O. Box 1562 Houston, TX 77251	David Hawes Executive Director Hawes Hill Calderon LLP 9610 Long Point Road, Suite 150 Houston, TX 77055 Tel: (713) 595-1200 Fax: (281) 888-6314

## **XIII. LEGAL CONSTRUCTION**

13. 1. If any part of this Agreement is for any reason found to be unenforceable, all other parts remain enforceable unless the result materially prejudices the other party.

## **XIV. SOLE AGREEMENT**

14. 1. This instrument contains the entire agreement between the parties relating to the rights herein granted and the obligations herein assumed. Any modifications concerning these instruments shall be of no force and effect excepting a subsequent modification in writing, signed by both parties.

IN TESTIMONY OF WHICH, this Agreement, in duplicate originals, each having equal force has been executed on behalf of the parties hereto as follows:

**DISTRICT:**

**HOBBY AREA MANAGEMENT  
DISTRICT**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Position: \_\_\_\_\_

**ATTEST/SEAL**

\_\_\_\_\_  
Name:  
Position:



**CITY:**

**CITY OF HOUSTON**

By: \_\_\_\_\_  
Annise Parker  
Mayor

**ATTEST/SEAL**

\_\_\_\_\_  
Anna Russell  
City Secretary

**APPROVED:**

\_\_\_\_\_  
Dale E. Rudick, P.E.  
Director, Department of Public Works and  
Engineering

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Lindsay Canning  
Assistant City Attorney  
L.D. File No. 045-1300005-001

**COUNTERSIGNED BY:**

\_\_\_\_\_  
Ronald Green  
City Controller

**DATE COUNTERSIGNED:**

\_\_\_\_\_  
("Effective Date")

# EXHIBIT "A" SERVICE AREA



**EXHIBIT B**  
**THE DISTRICT'S MAINTENANCE OBLIGATIONS**

The following table describes the specific Improvements that the Hobby Area Management District ("District") shall maintain under this Agreement. Additional Improvements may be added as referenced in Articles III and IV, upon advance written approval by the Director and the District. In addition, footnotes may be inserted to describe limitations to those obligations.

<b>Improvement</b>	<b>Component</b>	<b>Maintenance Activity</b>
Pavers	Crosswalk Pavers Sidewalk Pavers	<ul style="list-style-type: none"><li>- Repair or replace broken pavers</li><li>- Reset settled pavers that are hazardous to pedestrians or traffic (including but not limited to resetting following City repairs to roadway road beds)</li><li>- Reinstall pavers after City repairs as described in Article III.</li></ul>
Wayfinding signage		<ul style="list-style-type: none"><li>- Routine Cleaning</li><li>- Repair Damages</li></ul>



HOBBY AREA MANAGEMENT DISTRICT  
(HARRIS COUNTY IMPROVEMENT DISTRICT NUMBER 9)  
CITY OF HOUSTON  
HARRIS COUNTY, TEXAS

---

**AGENDA MEMORANDUM**

TO: Hobby Area Management District Board of Directors  
FROM: Executive Director  
SUBJECT: Agenda Item Materials

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9. Consider a Broadway Boulevard Funding Agreement between the District and the City of Houston for enhanced non-typical infrastructure.

**AGREEMENT FOR REIMBURSEMENT OF IMPROVEMENTS  
BROADWAY BOULEVARD: IH-45 TO AIRPORT BOULEVARD  
WBS No. N-000573-0001-4**

THE STATE OF TEXAS   §  
                                     §  
COUNTY OF HARRIS   §

**THIS AGREEMENT FOR REIMBURSEMENT OF IMPROVEMENTS** ("Agreement") is made on the date countersigned by the City Controller ("Effective Date") by and between the **CITY OF HOUSTON, TEXAS** ("City"), a home-rule city of the State of Texas, and **HARRIS COUNTY IMPROVEMENT DISTRICT NO. 9** ("District"), a management district created by the Texas Legislature, pursuant to the Interlocal Cooperation Act. TEX. GOV'T CODE ANN. §§ 791.001 – 791.030, as amended.

The Parties agree as follows:

**I. FINDINGS AND DEFINITIONS**

**1.1. Recitals.**

- 1.1.1. It is to the mutual benefit of the City and District to improve the Broadway Boulevard from IH-45 to Airport Boulevard with all improvements as described in Exhibit A (the "Improvements"), hereinafter referred to as the "Project".
- 1.1.2. The City and the District will enter a contract for the maintenance of certain improvements including the Improvements under this Agreement.
- 1.1.3. The City is willing to include the Improvements supplied by the District as part of its construction of the Project, if the District will provide funding for the Improvements.
- 1.1.4. The District is willing to fund up to **\$597,503.00** toward the construction costs of the Project for the inclusion of the Improvements, if the City will design and construct the Project in accordance with this Agreement.
- 1.1.5. The City and the District wish to mutually develop the Project for their respective benefits.

**1.2. Determinations.** The City and District find that the recitals set forth in Article I, Section 1.1. are determined to be true and correct for all purposes.

**1.3. Definitions.** All terms used in this Agreement shall have the meanings given herein, unless otherwise specified.

- 1.3.1. "*Agreement*" means this contract between the Parties, including all exhibits and any written amendments authorized by City Council and District.

- 1.3.2. "*City*" is defined in the preamble of this Agreement and includes its successors and assigns.
- 1.3.3. "*District*" is defined in the preamble of this Agreement and includes its successors and assigns.
- 1.3.4. "*Countersignature Date*" means the date shown as the date countersigned on the signature page of this Agreement.
- 1.3.5. "*Director*" means the Director of the City's Department of Public Works and Engineering, or the person he or she designates.
- 1.3.6. "*Improvements*" are the specific items requested by the District to be incorporated into the Project and are further defined in Exhibit A, attached hereto and incorporated herein.
- 1.3.7. "*Include*" and "*including*", and words of similar import, shall be deemed to be followed by the words "without limitation".
- 1.3.8. "*Party*" or "*Parties*" mean all the entities set out in the Preamble who are bound by this Agreement individually or collectively in the context in which it appears.
- 1.3.9. "*Project*" means the construction project to improve Broadway Boulevard from IH-45 to Airport Boulevard.

## II. DUTIES OF DISTRICT

- 2.1. **Reimbursement for Improvements.** The District shall reimburse the City for the costs of the Improvements. The construction cost estimate for the Improvements is included in Exhibit A.
- 2.2. **Payment.**
  - 2.2.1. Within 10 calendar days of the Countersignature Date, the District shall deliver to the City at its address for notices in Article 5, Section 5.6.2., a check in the amount of **\$597,503.00** made payable to the "City of Houston".
  - 2.2.2. The District shall pay its obligations hereunder from current revenues or out of some other fund within the immediate control of the District.
- 2.3. **Additional Funds.** If, at the completion or termination of the Project, the City determines that additional funding is needed for the Improvements, the City shall notify the District in writing. The District shall make payment within 30 days from receipt of the City's written request. The District shall deliver to the city, at its address for notices in Articles 5, Section

5.6.2, a check made payable to the "City of Houston".

- 2.4. **Coordinate Performance.** The District shall coordinate its performance with the Director and other persons that the Director designates. The District shall promptly inform the Director and other person(s) of all significant events relating to the performance of this Agreement.
- 2.5. **Maintenance Agreement.** The District shall enter into a contract for maintenance with the City that will include the maintenance obligations for the Improvements under this Agreement.
- 2.6. **Compliance with Laws.** The District shall comply with all applicable state and federal laws and regulations and the City Charter and Code of Ordinances.

### **III. DUTIES OF THE CITY**

- 3.1. **Use of Funds.**
  - 3.1.1. Upon receipt of the funds from the District, the City shall include the installation of the Improvements as part of its Capital Improvement Plan for the Project. The City shall award the contract to the responsible bidder who submits the lowest and best bid, in accordance with the usual and customary procedures of the City, subject to certification of the availability of funds for the Project by the City Controller.
  - 3.1.2. The City shall cause the funds paid by the District to the City hereunder that are not needed to meet obligations due or contemplated to be due within 190 days to be invested in the same manner as similar funds are invested by the City in federal obligations or interest-bearing time deposits. The determination by the City of the portion of said funds needed to meet such obligations shall be conclusive. Upon completion of construction of the Project, the City shall perform or cause to be performed, a final accounting. If the amounts paid by the District to the City hereunder, including interest earnings thereon, exceed the actual costs of the design and construction of brick pavers for the Project, the City shall promptly reimburse the amount of such excess to the District. The City shall keep records of all deposits, earnings, and expenditures of District funds paid to the City pursuant to this Agreement and shall provide the District with detailed reports of all fund activity at least once a year until completion or termination of the Project.
- 3.2. **Maintenance Agreement.** The City shall send a copy of the fully executed contract for maintenance of the Improvements between the City and District within 30 days of the contract for maintenance countersignature date.
- 3.3. **Taxes.** The City is exempt from payment of Federal Excise and Transportation Tax and Texas Limited Sales and Use Tax. District's invoices to the City must not contain assessments of any of these taxes. The Director will furnish the City's exemption certificate

and federal tax identification number to the District if requested.

- 3.4. **Limit of Appropriation.** The District recognizes that under certain provisions of the Charter of the City of Houston, the City may not obligate itself by contract to an extent in excess of an amount therefor appropriated by the City Council and further recognizes that no funds have been appropriated by the City Council.

#### **IV. TERM AND TERMINATION**

- 4.1. **Contract Term.** This Agreement is effective on the Countersignature Date and remains in effect for five years or upon completion of the Project, whichever occurs first, unless sooner terminated under this Agreement.
- 4.2. **Termination by Either Party.** Either the District or the City may terminate this Agreement, without cause, at any time prior to the letting of the contract for construction of the Project, by written notice to the other party. After termination, neither party shall have any further obligations hereunder, except as follows: The City shall return to the District any funds which the District has paid to the City hereunder and which the City has not expended in furtherance of installation of the Improvements for the Project.

#### **V. MISCELLANEOUS PROVISIONS**

- 5.1. **No Partnership.** Nothing contained in this Agreement shall be deemed or construed by the parties, not by any third party, as creating the relationship of principal and agent, or of a partnership, or employer-employee, or of a joint-venture between the City and District it being understood and agreed that no provision contained in this Agreement, nor any acts of the City or District, shall be deemed to create any relationship between the City and District other than the contractual relationship established under this Agreement.
- 5.2. **Severability.** If any part of this Agreement is for any reason found to be unenforceable, all other parts remain enforceable unless the result materially prejudices either party.
- 5.3. **Entire Agreement.** This Agreement merges the prior negotiations and understandings of the Parties and embodies the entire agreement of the Parties. No other agreements, assurances, conditions, covenants (express or implied), or other terms of any kind, exist between the Parties regarding this Agreement.
- 5.4. **Written Amendment.** Unless otherwise specified elsewhere in this Agreement, this Agreement may be amended only by written instrument executed on behalf of the City (by authority of an ordinance adopted by the City Council) and District. The Director is only authorized to perform the functions specifically delegated to him or her in this Agreement.
- 5.5. **Applicable Laws.** This Agreement is subject to the laws of the State of Texas, the City Charter and Ordinances, the laws of the federal government of the United States, and all rules and regulations of any regulatory body or officer having jurisdiction. Venue for any



litigation relating to this Agreement is Harris County, Texas.

**5.6. Notices.**

5.8.1. All notices to either party to the Agreement must be in writing and must be delivered by hand, facsimile, United States registered or certified mail, return receipt requested, United States Express Mail, Federal Express, Airborne Express, UPS or any other national overnight express delivery service. The notice must be addressed to the party to whom the notice is given at its address set out in Section I of this Agreement or other address the receiving party has designated previously by proper notice to the sending party. Postage or delivery charges must be paid by the party giving the notice.

5.8.2. The initial addresses of the Parties, which one Party may change by giving written notice to the other Party, are as follows:

CITY	DISTRICT
Director of Public Works and Engineering City of Houston P.O. Box 1562 Houston, TX 77251	Harris County Improvement District No. 9 Hawes Hill Calderon LLP ATTN: David Hawes P.O. Box 22167 Houston, TX 77227-2167

5.7. **Captions.** Captions contained in this Agreement are for reference only, and therefore, have no effect in construing this Agreement. The captions are not restrictive of the subject matter of any section in this Agreement.

**5.8. Non-Waiver.**

5.8.1. If either party fails to require the other to perform a term of this Agreement, that failure does not prevent the party from later enforcing that term and all other terms. If either party waives the other's breach of a term, that waiver does not waive a later breach of this Agreement.

5.8.2. An approval by the Director, or by any other employee or agent of the City, of any part of District's performance does not waive compliance with this Agreement or establish a standard of performance other than that required by this Agreement and by law. The Director is not authorized to vary the terms of this Agreement.

5.9. **Inspections and Audits.** City representatives may perform, or have performed, (1) audits of District's books and records, and (2) inspections of all places where work is undertaken in connection with this Agreement. The District shall keep its books and records available for this purpose for at least 4 years after this Agreement terminates. This provision does not affect the applicable statute of limitations.

- 5.10. **Enforcement.** The City Attorney or his or her designee may enforce all legal rights and obligations under this Agreement without further authorization. The District shall provide to the City Attorney all documents and records that the City Attorney requests to assist in determining the District's compliance with this Agreement, with the exception of those documents made confidential by federal or State law or regulation.
- 5.11. **Ambiguities.** If any term of this Agreement is ambiguous, it shall not be construed for or against any party on the basis that the party did or did not write it.
- 5.12. **Survival.** The District shall remain obligated to the City under all clauses of this Agreement that expressly or by their nature extend beyond the expiration or termination of this Agreement.
- 5.13. **Parties in Interest.** This Agreement does not bestow any rights upon any third party, but binds and benefits the City and the District only.
- 5.14. **Successors and Assigns.** This Agreement binds and benefits the Parties and their legal successors and permitted assigns; however, this provision does not alter the restrictions on assignment and disposal of assets set out in the following paragraph. This Agreement does not create any personal liability on the part of any officer or agent of the City or the District.
- 5.15. **Business Structure and Assignments.** The District shall not assign this Agreement at law. The District shall not delegate any portion of its performance under this Agreement without the Director's prior written consent.
- 5.16. **Remedies Cumulative.** Unless otherwise specified elsewhere in this Agreement, the rights and remedies contained in this Agreement are not exclusive, but are cumulative of all rights and remedies which exist now or in the future. Neither party may terminate its duties under this Agreement except in accordance with its provisions.

(The rest of this page has been intentionally left blank).

The Parties have executed this Agreement in multiple copies, each of which is an original.

**DISTRICT:**

**HARRIS COUNTY IMPROVEMENT  
DISTRICT NO. 9**

**CITY:**

**CITY OF HOUSTON, TEXAS**

By: \_\_\_\_\_

Name:

Title:

By: \_\_\_\_\_

Annise Parker, Mayor

**WITNESS:**

**ATTEST/SEAL:**

\_\_\_\_\_  
Name:

\_\_\_\_\_  
Anna Russell, City Secretary

Tax ID No.

**APPROVED:**

\_\_\_\_\_  
Director, Department of Public Works & Engineering

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Lindsay Canning, Assistant City Attorney  
LD No. 063-1400255-001

**COUNTERSIGNED BY:**

\_\_\_\_\_  
Ronald Green, City Controller

**COUNTERSIGNATURE DATE:**

\_\_\_\_\_  
("Effective Date")

Broadway Street Reconstruction: IH-45 to Airport Blvd  
WBS No. N-000573-0001-4  
TxDOT Project No. C912-70-64  
CSJ 0912-70-064

**BID FORM  
PART B**

**Document 00410B  
BID FORM – PART B**

**Broadway Street Landscape & Hardscape Enhancements from Airport Blvd to Santa Elena Street (STA 72+00)**

1.0 TOTAL BID PRICE HAS BEEN CALCULATED BY BIDDER, USING THE FOLLOWING  
COMPONENT PRICES AND PROCESS (PRINT OR TYPE NUMERICAL AMOUNTS):

**A. STIPULATED PRICE:**

(Total Bid Price; minus Base Unit Prices, Extra Unit Prices, Cash Allowances and All Alternates)

**NOT APPLICABLE - \$0.00**

**B. BASE UNIT PRICE TABLE 2:**

Item No.	COH Spec Ref	Item Description	Unit Measure	Unit Quantity	Unit Price (this column controls)	Total in Figures
24	02922	Sodding	SY	289	\$ 5.00	\$ 1,445.00
69	02751	6-inch reinforced concrete slab for METRO bus shelter	SY	222	\$ 60.00	\$ 13,320.00
76	02771	6-inch concrete curb (6-inch height)	LF	460	\$ 2.00	\$ 920.00
R2-1	02511	4-inch diameter PVC SCH. 80 pipe for landscape sleeve by open-cut	LF	2,704	\$ 39.00	\$ 105,456.00
R2-2	02511	6-inch diameter PVC SCH. 80 pipe for landscape sleeve by open-cut	LF	1,598	\$ 45.00	\$ 71,910.00
R2-3	Per Dwg	4-inch Decomposed granite sidewalk (including 3/16-inch steel edging w/ steel stakes, weed barrier fabric, & 2-inch PVC drain pipe)	SF	5,919	\$ 22.00	\$ 130,218.00
R2-4	02771	6-inch concrete curb (10-inch height)	LF	458	\$ 12.00	\$ 5,496.00
R2-5	02751	6-inch concrete band including dowels at median nose (4-inch height)	LF	224	\$ 10.00	\$ 2,240.00
R2-6	02751	12-inch concrete band at METRO bus boarding pad and bus shelter area (4-inch height)	LF	804	\$ 12.00	\$ 9,648.00
R2-7	02741	Temporary 4-inch Type D HMAC fill in depressed concrete pavement including forming depressed concrete pavement	SY	2,335	\$ 110.00	\$ 256,850.00

**TOTAL \$597,503.00**

**Notes:**

- 1) This estimate is only for Broadway Street Enhancements from Airport Blvd (STA. 2+00) to Santa Elena Street (STA. 72+00)
- 2) Items starting with R2 are new items added per Revision No. 2
- 3) Table 2 is prepared for the Hobby Area Management District

REVISION No. 2  
00410-B1  
11-21-2014

Bidder's Initials [ \_\_\_\_\_ ]

**HOBBY AREA MANAGEMENT DISTRICT  
(HARRIS COUNTY IMPROVEMENT DISTRICT NUMBER 9)  
CITY OF HOUSTON  
HARRIS COUNTY, TEXAS**

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**AGENDA MEMORANDUM**

**TO:** Hobby Area Management District Board of Directors

**FROM:** Executive Director

**SUBJECT:** Agenda Item Materials

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10. Consider a Broadway Boulevard/Hobby Corridor Agreement between the District and Scenic Houston.



**AGREEMENT REGARDING BROADWAY/HOBBY CORRIDOR  
REDEVELOPMENT PROJECT**

THIS AGREEMENT REGARDING BROADWAY/HOBBY CORRIDOR REDEVELOPMENT PROJECT (this "Agreement") is made and entered into as of the \_\_\_\_ day of December, 2014, by and between **SCENIC HOUSTON, INC.** having an address of 3015 Richmond Avenue, Suite 220, Houston, Texas 77098 ("Scenic Houston"), and **HARRIS COUNTY IMPROVEMENT DISTRICT NO. 9**, having an address of c/o Hawes Hill Calderon LLP, 9610 Long Point Rd., Suite 150, Houston, Texas 77055 (the "District").

**RECITALS:**

A. The District is a management district created in June 2007 under Section 59, Article XVI of the Texas Constitution and Chapter 4110 of the Texas Special District Local Laws Code and as such has the power, among others, to provide and develop within the boundaries of the District public transportation and pedestrian facilities including improved street lighting and street landscaping and improved street access.

B. Scenic Houston is a non-profit corporation dedicated to improving the quality of life for all Houstonians through sign control, billboard reduction, scenic byway development and enhanced design standards and landscaping for streets and other public projects.

C. The City of Houston, Texas (the "City") has initiated certain improvements to Broadway Street from Interstate 45 to Airport Boulevard under City of Houston Project No. \_\_\_\_ (the "Original Broadway Project")

D. The District and Scenic Houston have requested that the City modify the Original Broadway Project by adding certain additional elements and making other changes, all as described on Exhibit A attached hereto (the "Additions and Modifications"). The Original Broadway Project as modified by the Additions and Modification is called herein the "Project").

E. The City has agreed to incorporate the Additions and Modifications into the Original Broadway Project so long as the District and/or Scenic Houston provide the funds required to construct such Additions and Modifications to the extent the construction thereof causes the City to incur costs in excess of the City's budget for the Original Broadway Project (the "Excess Costs").

F. The District has paid, or will pay, to the Centerpoint Energy ("Centerpoint") \$134,678.00 for the installation of enhanced street lights along Broadway Street as part of the Project (the "Streetlight Payment").

G. The District contemplates funding approximately \$500,000.00 to the City for the payment of Excess Costs.

H. After the completion of the Project, Scenic Houston and the District intend to work together to design, develop and construct additional enhanced landscaping and other

streetscape improvements to Broadway Street (the "Enhanced Project") to further beautify and enhance Broadway Street as a gateway to Hobby Airport.

I. Scenic Houston intends to engage in a comprehensive fundraising campaign to raise funds to repay to the District the Streetlight Payment and the Excess Costs funded by the District and to fund the costs of the design, development, construction and maintenance of the Enhanced Project.

J. The District and Scenic Houston are executing and entering into this Agreement to memorialize their agreements and understandings with regard to the repayment by Scenic Houston to the District of the sums described above.

### **AGREEMENT:**

NOW THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. District Funding. The District will pay, or has paid, to Centerpoint the Streetlight Payment as and when requested by Centerpoint and will pay to the City payments for the Excess Costs as and when requested by the City.

2. Fundraising Commitment. Scenic Houston will use its good faith, reasonable efforts to engage in a comprehensive fundraising campaign to obtain private funding from donors to (i) provide funds to pay for the costs of the design, development, construction and interim maintenance of the Enhanced Project and (ii) provide funds to repay to the District the Streetlight Payment to the extent paid by the District and any payments made by the District to the City for the Excess Costs.

3. Repayment. From the proceeds of the fundraising campaign described in Section 2, Scenic Houston will reimburse the District for the Streetlight Payment and any payments made by the District to the City for Excess Costs provided that such repayment by Scenic Houston to the District will only be made after Scenic Houston has net proceeds on hand from the fundraising campaign and the District has presented to Scenic Houston evidence reasonably acceptable to Scenic Houston of the District's payment of the Streetlight Payment and the Excess Costs. Notwithstanding anything to the contrary contained in this Agreement, Scenic Houston's obligation to repay the District for the District's payment of Excess Costs shall not exceed the greater of the actual payments made by the District to the City for Excess Costs or \$500,000.00, without the prior written approval of Scenic Houston. As used herein "net proceeds" means the gross proceeds of the fundraising campaign actually received by Scenic Houston less reasonable third party out of pocket costs and a reasonable allocation of overhead, each in connection with the fundraising campaign or the Project.

4. Cooperation. The parties will work together cooperatively toward implementing the design, development, construction and maintenance of the Enhanced Project, and will execute future agreements with third parties and with each other, with regard to their respective

obligations and responsibilities in connection with the Enhanced Project as they each deem appropriate at the time.

5. Default. If either party believes that the other party has defaulted under the terms of this Agreement, the non-defaulting party must send written notice detailing the nature of the default to the alleged defaulting party. The alleged defaulting party shall have a period of thirty (30) days after receipt of such notice to cure such alleged default to the reasonable satisfaction of the non-defaulting party. Upon the failure of the alleged defaulting party to cure the alleged default as set out above, the non-defaulting party will have the right to pursue all remedies available at law or equity as a result of such alleged default, including the right to terminate this Agreement upon five (5) days' additional written notice to the alleged defaulting party.

6. Independent Contractor. It is understood and agreed that the relationship of the parties shall be that of an independent contractors. Nothing contained in this Agreement or inferable herefrom shall be deemed or construed to (i) make either party the agent, servant, or employee of the other party or (ii) create any partnership, joint venture, or other association between the parties.

7. Waiver of Performance. The failure of either party to insist, in any one or more instances, on the performance of any of the terms, covenants or conditions of this Agreement, or to exercise any of its rights under this Agreement, shall not be construed as a waiver or relinquishment by such party of such term, covenant, condition or right with respect to further performance.

8. Governing Law. This Agreement will be governed, construed and enforced in accordance with the laws of the State of Texas.

9. Attorneys' Fees. If either party places the enforcement of this Agreement, or any part hereof, or the exercise of any remedy herein provided, in the hands of an attorney who institutes an action or proceeding upon the same (either by direct action or counterclaim), the non-prevailing party shall pay to the prevailing party its reasonable attorneys' fees and costs of court. In addition to the foregoing award of attorneys' fees to the prevailing party, the prevailing party shall be entitled to its attorneys' fees incurred in any post-judgment proceeding or action to collect or enforce the judgment. This provision is separate and several and shall survive the expiration or earlier termination of this Agreement or the merger of this Agreement into any judgment on such instrument.

10. Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws, the legality, validity and enforceability of the remaining provisions of this Agreement shall not be affected thereby, and this Agreement shall be liberally construed so as to carry out the intent of the parties to it.

11. Notices. Any notice, request or other communication required or permitted to be given under this Agreement shall be given in writing by delivering it against receipt for it, by depositing it with an overnight delivery service or by depositing it in a receptacle maintained by the United States Postal Service, postage prepaid, registered or certified mail, return receipt requested, addressed to the respective parties at the addresses shown herein (and if so given,

shall be deemed given when mailed). Notice sent by any other manner shall be effective upon actual receipt by the party to be notified. Actual notice, however and from whomever given or received, shall always be effective when received. Either party's address for notice may be changed at any time and from time to time, but only after thirty (30) days' advance written notice to the other party and shall be the most recent address furnished in writing by one party to the other. The giving of notice by one party which is not expressly required by this Agreement will not obligate that party to give any future notice.

12. Parties in Interest. The terms of this Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their permitted successors and assigns. Nothing in this Agreement, whether express or implied, shall be construed to give any person or entity (other than the parties hereto and their permitted successors and assigns) any legal or equitable right, remedy or claim under or in respect of any terms or provisions contained in this Agreement or any standing or authority to enforce the terms and provisions of this Agreement.

13. General. The masculine and neuter genders used in this Agreement each includes the masculine, feminine and neuter genders, and whenever the singular number is used, the same shall include the plural where appropriate, and vice versa. Wherever the term "including" or a similar term is used in this Agreement, it shall be read as if it were written "including by way of example only and without in any way limiting the generality of the clause or concept referred to." The headings used in this Agreement are included for reference only and shall not be considered in interpreting, applying or enforcing this Agreement. All exhibits described in this Agreement as being attached to it are hereby incorporated into it. The words "shall" and "will" as used in this Agreement have the same meaning. This Agreement shall not be modified or amended in any manner except by a writing signed by all the parties hereto. This Agreement represents the entire and integrated agreement between the parties with respect to the subject matter hereof. All prior negotiations, representations or agreements not expressly incorporated into this Agreement are hereby superseded and canceled. The parties acknowledge and represent that this Agreement has been jointly drafted by the parties, that no provision of this Agreement will be interpreted or construed against any party solely because that party or its legal counsel drafted such provision and that each of them has read, understood, and approved the language and terms set forth herein. This Agreement may be executed in multiple counterparts, each of which shall constitute but one agreement. All signatures need not be on the same counterpart.

EXECUTED as of the date first set out above.

**HARRIS COUNTY IMPROVEMENT  
DISTRICT NO. 9**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



**SCENIC HOUSTON, INC.**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT A**  
**ADDITIONS AND MODIFICATIONS**

1. [LIST CHANGES]



**HOBBY AREA MANAGEMENT DISTRICT  
(HARRIS COUNTY IMPROVEMENT DISTRICT NUMBER 9)  
CITY OF HOUSTON  
HARRIS COUNTY, TEXAS**

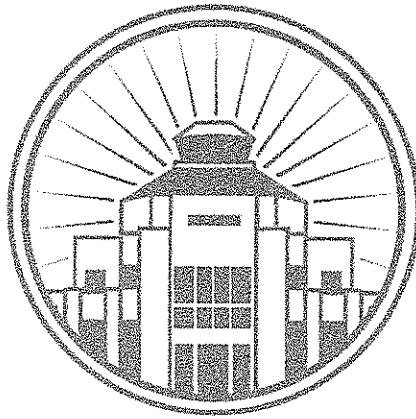
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**AGENDA MEMORANDUM**

**TO:** Hobby Area Management District Board of Directors  
**FROM:** Executive Director  
**SUBJECT:** Agenda Item Materials

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11. Receive the Executive Director's monthly report on actions and initiatives in support of the District's Service Plan.



**HOBBY AREA MANAGEMENT DISTRICT**

# SERVICE PLAN

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MONTHLY REPORT

DECEMBER 11, 2014 – JANUARY 8, 2015

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## COMMITTEE ACTIVITY

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### **Business and Economic Development Committee**

The Business and Economic Development Committee will meet on January 21<sup>st</sup>.

### **Environmental, Urban Design and Mobility Committee**

The Environmental and Urban Design Committee will meet on January 21<sup>st</sup>.

### **Public Safety Committee**

The Public Safety Committee will meet on January 21<sup>st</sup>.

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## STAFF ACTIVITY

DECEMBER 11, 2014 – JANUARY 8, 2015

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- Staff made regular updates to the District website and distributed e-news and e-blasts for area partner events.
- The Executive Director has met with the City of Houston, along with Public Works & Engineering on matters regarding the Broadway Corridor enhancement project.
- Staff is continuing to work on the event marketing materials, catering and other tour support details for the NUSA conference. We are still waiting on confirmation that our area has been selected.
- Staff is participating in the Hobby Fest planning our next meeting will be January 14. Staff is assisting with media coordination for the event.
- Staff is continuing analysis of types and styles of business in the District in order to help fine-tune the BRE Plan kick-off activities.
- Staff assisted with set up of the Holiday Social held on December 13.
- Staff has begun preliminary planning for the February State of the District event in consultation with Chairman Perkins. We are waiting on confirmation from Commissioner Moseley.

**End of Report**

# CITY & STATE

EDITORIAL

*The CIA abandoned  
conscience and  
blurred moral line  
between us, enemies.*

Page B8

Houston Chronicle | Wednesday, December 10, 2014 | HoustonChronicle.com and Chron.com

Section B ★★

## Gulfgate tax zone poised for huge growth

Council looks at  
expanding area  
by 8,000 acres

By Katherine Driessen

What started almost two decades ago as a small East End economic development zone to rebuild the rundown Gulfgate Shopping Center could soon expand nearly 8,000 acres to include streets and neighborhoods around Hobby Airport and Glenbrook Golf Course, making it one of Houston's largest such areas.

The City Council on Wednesday will consider the ambitious re-drawing of the Gulfgate tax increment reinvestment zone, which officials say would beautify Broadway Street leading to Hobby Airport and fund improvements along Bellfort Avenue and Telephone, Dixie, Long and Mykawa roads, among other plans.

Under a tax increment reinvestment zone, property tax revenues within the zone's boundaries are frozen at a base level. The amount collected above

*Gulfgate continues on B8*

# Gulfgate TIRZ could become one of Houston's largest

*Gulfgate from page B1*

that level, known as the increment, is funneled back into the zone to pay for infrastructure and capital improvements in hopes of spurring private development. Though originally created as an incentive to help eliminate blight, the city also has used TIRZs to help speed efforts in areas targeted for redevelopment. Critics have questioned whether isolating those funds to improve one area is better than distributing the money across the city, and others have called for greater transparency around TIRZ spending decisions.

## Support for expansion

Along with the Gulfgate boundary changes, the council on Wednesday will consider approving two considerably smaller TIRZ boundary expansions in

Midtown and Memorial City. The Midtown expansion, which would annex parts of Montrose and the Museum District, has taken many neighborhood groups by surprise and drawn some pushback. It is likely to be delayed at least another week.

There has been fairly widespread support, however, for the Gulfgate expansion, which is expected to increase the TIRZ budget for that area by about \$84 million.

Developer Ed Wulfe, who led the Gulfgate shopping center project back when the zone was a mere 67 acres, said the expansion is a natural step as the area sees more retail interest. He pointed to retail like the recently opened Wal-Mart on Wayside Drive near Interstate 45 as evidence of the area's growth.

If the council approves the expansion, the pro-

posed Broadway improvements — trees, esplanades, better lighting — would be coupled with the ongoing \$17 million Texas Department of Transportation project to reconstruct Broadway from I-45 to Airport Boulevard, Wulfe said.

## 'Gulfgate effect' cited

"When you land at Hobby Airport, Broadway is the first impression you have of Houston," Wulfe said. "We have the opportunity now to take what happened in the shopping center, a really high-energy focal point for the area, and broaden that to these corridors."

Councilman Robert Gallegos, who represents East End, expressed support for the expansion, noting the improvements leading up to Hobby are well-timed for the airport's planned international terminal.

Civic clubs in the neighborhoods around Hobby have long complained of deteriorating roads and blight.

"They feel like they've been neglected," Gallegos said.

It remains unclear, however, what exactly the TIRZ will do with Glenbrook Golf Course. The Houston Botanic Garden is currently negotiating a contract to convert the course into a garden.

City spokeswoman Janice Evans said the money the TIRZ has set aside for green spaces could be used at Glenbrook to support the garden, but no funds have been specifically dedicated for that yet.

Specifics aside, Greater East End Management President Diane Schenke said the fact that the zone is expanding at all is a testament to the "Gulfgate effect." When Wulfe redid

the mall, it helped spark commercial interest in the area, Schenke said.

"The 'Gulfgate effect' could really continue," Schenke said. "That mall was a real gamble that turned out to be an enormous success. I think it's emboldened a lot of retailers, hopefully this builds on that."

## Call for 'a timeout'

There's less consensus about the Midtown TIRZ's plan to include 235 more acres, including a piece of the Museum District and the areas bordering Richmond, Alabama and Westheimer as well as most of Montrose Boulevard.

Neartown Association President Greg LeGrande said Midtown's plans were "a total surprise" to him and that the neighborhood needed a greater say in what happens if Montrose is annexed.

"We need a timeout," LeGrande said. "We didn't have an opportunity to see the plan, and we do not have any idea as to what the financial plans or ideas are. Whether it is going to positively affect Montrose or not, we can't tell."

Midtown Redevelopment Authority Director Matt Thibodeaux said the plan has been well-received. Many of the improvements would be focused on improving Montrose and Richmond.

The improvements would better connect Montrose, Midtown and the Museum District, Thibodeaux said. The council is likely to take that expansion up next week.

A TIRZ is governed by a board of directors, some appointed by City Council and others state representatives from the area. The city participates in 25 such zones.

*katherine.driessen@chron.com*  
*twitter.com/katdriessen*