

**MINUTES OF THE MEETING  
OF THE  
HARRIS COUNTY IMPROVEMENT DISTRICT NO. 6  
(EAST MONTROSE MANAGEMENT DISTRICT)  
BOARD OF DIRECTORS**

**February 18, 2009**

**Determine quorum; call to order.**

The Board of Directors of Harris County Improvement District No. 6 held a regular meeting, open to the public, on the 18th day of February, 2009, at the Freed-Montrose Neighborhood Library, 4100 Montrose Blvd., Houston, Texas, at 3:00 p.m., inside the boundaries of the District, and Chairman Grover called the meeting to order at 3:07 p.m. and the roll was called of the duly appointed members of the Board, to-wit:

Position 1: Kathy Hubbard	Position 7: Tammy Manning
Position 2: Claude Wynn	Position 8: Allen Ueckert
Position 3: Michael Grover, <i>Chairman</i>	Position 9: David Robinson (pending)
Position 4: Tom Fricke	Position 10: Randall Ellis, <i>Vice Chairman</i>
Position 5: Brad Nagar, <i>Secretary</i>	Position 11: Gary Wingfield (pending)
Position 6: Jerry Simoneaux	

and all of the above were present with the exception of Directors Ellis, Fricke, Ueckert and Wingfield, thus constituting a quorum. Also present at the meeting were David Hawes, Josh Hawes, Gretchen Larson and Susan Hill, Hawes Hill Calderon; Clark Lord, Vinson & Elkins, L.L.P.; Teresa Rosenbaum, Municipal Accounts & Consulting, L.P.; Gene Creely, Museum District Business Alliance; Sylvia Drew, Avondale resident; and Janet Anderson, Hawes Hill Calderon.

**Receive public comments.**

Ms. Drew introduced herself to the Board. No action was taken.

**Approve of minutes of previous meeting.**

Upon a motion duly made by Director Hubbard and being seconded by Director Simoneaux, the Board voted unanimously to approve the minutes of the January 22, 2009 Board meeting.

**Receive Financial Report, pay bills.**

Ms. Rosenbaum addressed the Board and reviewed the financial information included in the Board packets. The Board requested that funds be transferred on a weekly basis from the deposit account at Prosperity Bank to its checking account at Traditions Bank and suggested the use of online transfers. Mr. David Hawes called attention to a request for reimbursement by Hawes Hill Calderon (HCC) in the amount of \$65.33 for a lunch meeting of the Business and Economic Development Committee on January 26, 2009. Mr. Hawes indicated that his firm typically does not request reimbursement for meal expenses and offered to waive reimbursement for this item. Chairman Grover recommended reimbursement for the lunch meeting with a notation in the files as to the meeting's purpose, which was to discuss the Museum District Business Alliance database project and a possible strategic alliance with St. Thomas University for a student logo contest and District branding campaign. Upon a motion duly made by Director Hubbard and being seconded by Director Simoneaux, the Board voted unanimously to approve the financial report and pay bills including the lunch meeting.

**Receive Assessment Collection Report and Billing and Assessment Summary.**

Mr. David Hawes briefed the Board and reported that the 2008 assessments are 33% collected to date. He noted that 2007 assessments are 83% collected. Mr. Lord said that a delinquent report from the collection attorneys should be available next month. Upon a motion duly made by Director Wynn and being seconded by Director Simoneaux, the Board voted unanimously to accept the Assessment Collection Report and Billing and Assessment Summary.

**Adopt Amended Information Form.**

Mr. Lord advised the Board that the Information Form is a required legal document. Upon a motion duly made by Director Nagar and being seconded by Director Manning, the Board voted unanimously to adopt the amended Information Form.

**Consider amendment to contract for consulting and administrative services with Hawes Hill Calderón LLP; take appropriate action.**

Mr. David Hawes distributed a copy of the proposed amendment to the contract, hereby attached as Exhibit A. He explained that it includes an increase of \$1,000 per month for supplemental staff services devoted exclusively to providing economic development services and an increase of \$500 per month for professional consulting services performed in connection with the ongoing administration and management of District operations and implementation of its approved Service Plan and Assessment Plan.



Upon a motion duly made by Director Wynn and being seconded by Director Simoneaux, the Board voted unanimously to approve the amendment to the contract for consulting and administrative services with Hawes Hill Calderon L.L.P.

**Receive and Consider Security and Public Safety Committee report with regard to the following:**

**a. Discuss patrol reports**

Director Nagar and Mr. Josh Hawes distributed the Monthly Vehicle Patrol Reports, hereby attached as Exhibit B. Director Nagar reported that the Committee recommends the addition of a daytime security patrol shift that would rotate on different days of the week. He said there are concerns about vagrants in the area during the day, as well as petty thefts occurring during daytime hours.

**b. Consider funding additions and modifications of the patrol vehicle**

At Director Nagar's request, Mr. Josh Hawes reviewed the proposed additions and modifications to the patrol vehicle, including a location change of the light console and purchase of a spotlight and website address graphic for the side of the vehicle.

**c. Consider funding a portable radio for patrol vehicle**

Mr. Josh Hawes reviewed the need for and benefits of purchasing a hand-held radio for the patrol vehicle.

**d. Consider budget amendment for daytime patrol**

Upon a motion duly made by Director Nagar and being seconded by Director Wynn, the Board voted unanimously to amend the security budget to add a daytime patrol.

**e. Consider funding a white board for the Neartown Storefront**

Upon a motion duly made by Director Nagar and being seconded by Director Manning, the Board voted unanimously to approve the funding of the additions and modifications to the patrol vehicle; funding a portable radio for the patrol vehicle; and funding a white board for the Neartown Storefront, with the understanding that the white board will be considered the property of the District. Director Wynn asked about the possibility of providing bottled water to the Neartown Storefront.

**Receive Report and consider recommendations from Business and Economic Development committee with regard to the following:**

**a. Discuss and consider contract with Museum District Business Alliance for database creation and management**

Mr. Lord said that a contract with the Museum District Business Alliance is being developed and will be presented to the Board for approval. No action was taken.

**b. Discuss logo creation contest**

**c. Discuss district branding campaign**

**d. Consider partnership with St. Thomas University for the purpose of district branding.**

Ms. Larson reported that Committee members met with representatives of St. Thomas University with regards to the possibility of involving students in a logo contest and branding campaign for the District. She noted that Board members would be involved in the judging process and that the concepts would become the property of the District. Ms. Larson also said that updates to the District's website are ongoing. No action was taken.

**Receive Report from Visual Improvements and Cultural Promotion Committee with regard to the following:**

**a. Esplanade maintenance**

Mr. David Hawes said that no proposals were received as a result of the initial request for proposals for the contract for esplanade maintenance; however, he indicated that a second request for proposals has been distributed. No action was taken.

**b. *Keep Montrose Clean* Campaign**

Mr. David Hawes noted that Committee Chair Fricke believes implementing a new "*Keep Montrose Clean*" campaign will help to focus the community on the importance of trash clean-up. He indicated that more information will be forthcoming as details of the new program are developed. No action was taken.



**Receive recommendation from Transportation Committee to authorize the District's Executive Director and Legal Counsel to negotiate a scope of service and contract with Walter P. Moore for a mobility survey to be brought back to the board for approval.**

Director Wynn reported that three proposals were received for a mobility study and that the Committee recommends the selection of Walter P. Moore and Associates, Inc. Mr. Lord noted that the scope of work could be negotiated to include the west side of Montrose, contingent on creation of the West Montrose Management District. Upon a motion duly made by Director Wynn and being seconded by Director Nagar, the Board voted unanimously to authorize the District's Executive Director and Legal Counsel to negotiate a scope of service and contract with Walter P. Moore and Associates, Inc. for a mobility survey to be brought back to the Board for approval, as well as to invite Walter P. Moore representatives to make a presentation to the Board at an upcoming meeting.

**Discuss legislative options for including additional territory in the District.**

Mr. Lord reported that the bill was filed in the State Legislature by State Representative Ellen Cohen for the creation of a separate West Montrose Management District. The two Districts will have the option to merge if both boards desire. A petition drive for business owners who support creation of the new management district is underway. Director Wynn said that the creation of the new district will be the topic at a luncheon meeting tomorrow of the Museum District Business Alliance, and he encouraged Board members to attend the luncheon. No action was taken.

**Receive Executive Director's Report.**

Mr. David Hawes distributed copies of the Final Harris County Improvement District No. 11 2009-2017 Service and Improvement Plan and Assessment Plan dated February 13, 2009, hereby attached as Exhibit C. He noted that state legislators from Harris County have received excellent committee assignments in the current legislative session. He also distributed an Audit proposal from McCall, Gibson & Company, P.L.L.C., dated February 18, 2009, hereby attached as Exhibit D. No action was taken.

**Other Business.**

Director Robinson informed the Board that a Super-Neighborhood event is scheduled for April 23-24, 2009, and that event sponsors include Blueprint Houston and the Neartown Association. It is being held in conjunction with the Urban Land Institute and more information will be forthcoming. No action was taken.

**Adjourn.**

There being no further business to come before the Board, Chairman Grover adjourned the meeting at 4:28 p.m.

  
\_\_\_\_\_  
Secretary, Board of Directors



**Exhibits:**

- Exhibit A: Amendment to contract for consulting and administrative services with Hawes Hill Calderón LLP, dated January 1, 2009
- Exhibit B: Monthly Patrol Vehicle Reports, dated February 22, 2009
- Exhibit C: Final Harris County Improvement District No. 11 2009-2017 Service and Improvement Plan and Assessment Plan, dated February 13, 2009
- Exhibit D: Audit Proposal from McCall Gibson & Company, P.L.L.C., for the year ended December 31, 2008, dated February 18, 2009



**AMENDED AND RESTATED AGREEMENT BY AND BETWEEN  
HARRIS COUNTY IMPROVEMENT DISTRICT NO. 6  
AND HAWES HILL CALDERON LLP**

This Amended and Restated Agreement is made by and between Harris County Improvement District No. 6, a special purpose district created by H. B. 3518 in the 79<sup>th</sup> Regular Texas Legislative Session (the "District"), and Hawes Hill Calderón LLP, (the "Contractor"). This Amended and Restatement Agreement is effective as of January 1, 2009, (the "Effective Date") and supersedes the Agreement executed by the parties on January 31, 2007, and made effective on February 1, 2007.

WITNESSETH:

WHEREAS, the District desires that the Contractor provide the District with certain professional and administrative services;

WHEREAS, the Contractor has the employees, office operations, and knowledge to ably provide the professional and administrative services required by the District;

NOW THEREFORE, for and in consideration of the premises and mutual covenants and agreements herein contained, it is agreed as follows:

I.

Engagement of Contractor

The District hereby engages the Contractor, and the Contractor hereby agrees to provide, furnish, or perform certain professional and administrative services with respect to the District including the services described on Exhibit A, annexed hereto. Such services herein collectively referred to as the "Services."

II.

Compensation and Reimbursement to Contractor

For and in consideration of the professional services to be performed by the Contractor specified in Exhibit "A," *Scope of Professional Consulting and Management Services*, of this Amended and Restated Agreement, the District agrees to pay the Contractor a fixed fee of FOUR THOUSAND AND NO/100 DOLLARS PER MONTH (\$4,000.00/month) for professional consulting services performed in connection with the ongoing administration and management of District operations and implementation of its approved Service Plan and Assessment Plan. In addition the District agrees to pay the Contractor a fixed fee of ONE THOUSAND AND NO/100 DOLLARS PER MONTH (\$1,000.00/month) for supplemental staff services devoted exclusively to economic development activities and projects as described in Exhibit "A." Reimbursable out-of-pocket expenses and other expenses and charges incurred by the Contractor in performing the Services under this Amended and Restated Agreement shall be made on a monthly basis upon submission by the Contractor of invoices and other documentation setting forth such expenses and charges; *provided, however*, all expenses and charges proposed to be incurred by the Contractor for the performance of the Services shall be subject to the District's prior written approval. The *Schedule of Maximum Charges and Rates of Hawes Hill Calderon LLP* for the performance of the Services by the Contractor under this Amended and Restated Agreement as set forth on Exhibit "B"

attached hereto for reference are hereby approved by the District. The District expressly disclaims any liability for reimbursement to the Contractor of any amounts in excess of those approved in writing by the District.

Contractor shall tender to the District a detailed invoice of the services performed and the allowable reimbursable expenses incurred to the District each month during the term of this Amended and Restated Agreement. In the event of a disputed or contested invoice, the District may withhold any such disputed or contested amount without penalty.

### III.

#### Administrative Policies and Procedures

The Contractor shall conduct the administrative activities of the District in accordance with the instructions and guidance of the District.

### IV.

#### Accounts, Records, Accounting Reports and Audits

The Contractor shall maintain the books of records and accounts of the District in order to establish the amount due by the District to the Contractor in accordance with this Agreement. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. The Contractor shall provide free access to the District and allow for inspection and audit of all work, data, documents, proceedings, and activities related to this Agreement. Such right of access and audit shall continue for a period three (3) years from the date of termination of this Agreement.

### V.

#### Compliance With Applicable Laws Concerning Management Districts

The Contractor, in performance of its duties under this Agreement for the District, will comply with all applicable provisions of Texas law concerning municipal management districts under which the District is created.

### VI.

#### Right of Ownership

All data, information, maps, books, reports, files, photography, artwork, software, equipment, and materials purchased, created or maintained by the District or purchased, created or maintained by the Contractor on behalf of the District shall remain the property of the District. It shall be clearly marked as property of the District in such manner that it may at any time be removed from the premises of the Contractor.



VII.  
Laws to be Observed

In performing its obligations under this Agreement, the Contractor at all times shall observe and comply with all federal and state laws, local laws, ordinances, orders, and regulations of the federal, state, county, or city governments. The federal, state, and local laws, ordinances, and regulations which affect those engaged or employed in the work, or the equipment used in the work, or which in any way affects the conduct of the work, shall be at all times in effect, and no pleas of misunderstanding will be considered on account of ignorance thereof.

VIII.  
Successors and Assigns

This Agreement shall bind and benefit the respective parties and their legal successors, and shall not be assignable, in whole or in part, by any party hereto without first obtaining the written consent of the other party. Nothing herein shall be construed as creating any personal liability on the part of any officer or director of the District.

IX.  
Character of Workers and Work

Services provided for under this Agreement are being performed for the public benefit. The employees provided by the Contractor shall be competent and careful workers skilled in their respective trades. In performing its obligations under this Agreement, the Contractor shall not employ any person who engages in misconduct or is incompetent or negligent in the performance of his or her duties. The District retains the right to require the Contractor to remove from the performance of services provided for under this Agreement any employee who engages in (1) unethical or unprofessional conduct, (2) misconduct or other discourtesies toward the public, (3) conduct inconsistent with sound business practices or (4) other conduct inconsistent with the performance of work in an acceptable manner and at a satisfactory rate of progress to the District. Nothing herein is intended to, and the parties agree that this Agreement does not, create any third party beneficiary rights for any employee or other person. It is intended that any employee who engages in any services provided for under this Agreement is an employee-at-will of the Contractor.

X.  
Conflict of Interest

In keeping with Contractor's duties to the District, Contractor agrees that it shall not, directly or indirectly, become involved in any conflict of interest, or upon discovery thereof, allow such a conflict to continue. Moreover, Contractor agrees that it shall promptly disclose to the District any facts which might involve any reasonable possibility of a conflict of interest.

XI.  
Disclaimer of Political Support or Affiliation

The District expressly disclaims any political support or affiliation with the Contractor. Further, the District prohibits the Contractor, and the Contractor hereby agrees to comply with such prohibition,

from expending any District funds, directly or indirectly, including any funds to be reimbursed by the District, on any political candidate, cause, party, organization, or activity.

XII.  
Term and Termination

Either party may terminate this Agreement at any time by giving the other party at least thirty (30) days notice thereof.

XIII.  
Amendment or Modification

Except as otherwise provided in this Amended and Restated Agreement, this Amended and Restated Agreement shall be subject to change, amendment, or modification only upon the written consent of the parties hereto.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2009.

HAWES HILL CALDERÓN LLP

HARRIS COUNTY IMPROVEMENT  
DISTRICT NO. 6

By: \_\_\_\_\_  
Name: DAVID W. HAWES  
Title: MANAGING PARTNER

By: \_\_\_\_\_  
Name: Michael Grover  
Title: CHAIRMAN, BOARD OF DIRECTORS



**Exhibit "A"**  
**Scope of Professional Consulting and Management Services**

Hawes Hill Calderón LLP will provide the following services:

**Professional Consulting Services for Operations**

Provide general technical support and professional expertise to Harris County Improvement District No. 6 (the "District") in carrying out its legislative purposes of promoting, developing encouraging, and maintaining employment, commerce, transportation, housing, tourism, recreation, arts, entertainment, economic development, safety, and the public welfare in the area of the city of Houston encompassed within its boundaries.

Assist the District in the administration of the District's approved *Service and Improvement Plan and Assessment Plan*, which sets forth a vision, goals to be achieved, services to be rendered, and improvements to be undertaken to benefit commercial property owners within the District, which in turn will benefit all local citizens, the State of Texas, Harris County and the City of Houston.

Work with the board to prioritize objectives, implement short-term, highly visible projects and establish a foundation for long-term projects

**District Administration and Management Services**

Oversee all accounting and financial administration procedures of the District, working closely with the District's accountant

Administer the District's budget, including tracking income and monthly expenses in reference to the annual budget, monitoring assessment collections and District expenses, preparing budget reports, and assisting with annual budget preparation

Coordinate all administrative tasks and procedures related to the Legislature's potential passage of a bill to include additional commercial properties, thus increasing the District's service area and adjusting its boundaries

Arrange for District's independent audit, providing necessary information and documentation

Establish District's Records Management Program and monitor compliance with Local Government Records Acts; maintain District's files on behalf of Client

Monitor regulations and reporting requirements of Secretary of State, Texas Commission on Environmental Quality, Harris County, City of Houston and other regulatory bodies

Coordinate and staff all meetings of the District's Board of Directors and its committees, if any, including the following

- Prepare meeting agendas and ensure proper notification is made in accordance with state statutes and such other governing documents as may apply
- Take and prepare minutes of Board meetings; prepare resolutions; assemble reports and information packets for use at Board meetings

- Make physical arrangements for meetings

Receive inquiries and respond to property owners and other interested parties with respect to issues that pertain to the District

Prepare requests for proposals for contract services as needed and as determined by the Board of Directors; assist the Board in selecting appropriate consultants

Provide management oversight for all contractors, including public infrastructure construction contractors, security services, landscape services, and others

Interface with developers on development, financing, and property acquisitions issues

Assist the District Board in developing, coordinating and carrying out its public relations programs

Assist the Client in serving as District's liaison with the public, State of Texas, Harris County, City of Houston and other interested parties in furtherance of the District's mission

#### **Supplemental Economic Development Services**

Assign a professional staff member part-time to develop and implement a public relations and marketing plan including, but not limited to, elements of the following:

- Development of collateral materials and organization of meetings with key business and community stakeholders and media representatives
- Attendance at business and community events on behalf of the District
- Implementation of website enhancements; development of email databases
- Evaluation of communications and similar public relations activities

**Initials:** \_\_\_\_\_

\_\_\_\_\_



**Exhibit "B"**  
**Schedule of Maximum Charges and Rates**  
**of Hawes Hill Calderon LLP**

**Professional consulting, administration and management services** *fixed rate: \$4,000/month*  
**Supplemental economic development services** *fixed rate: \$1,000/month*

**Out-of-pocket expenses including, without limitation, the following:** *actual cost*

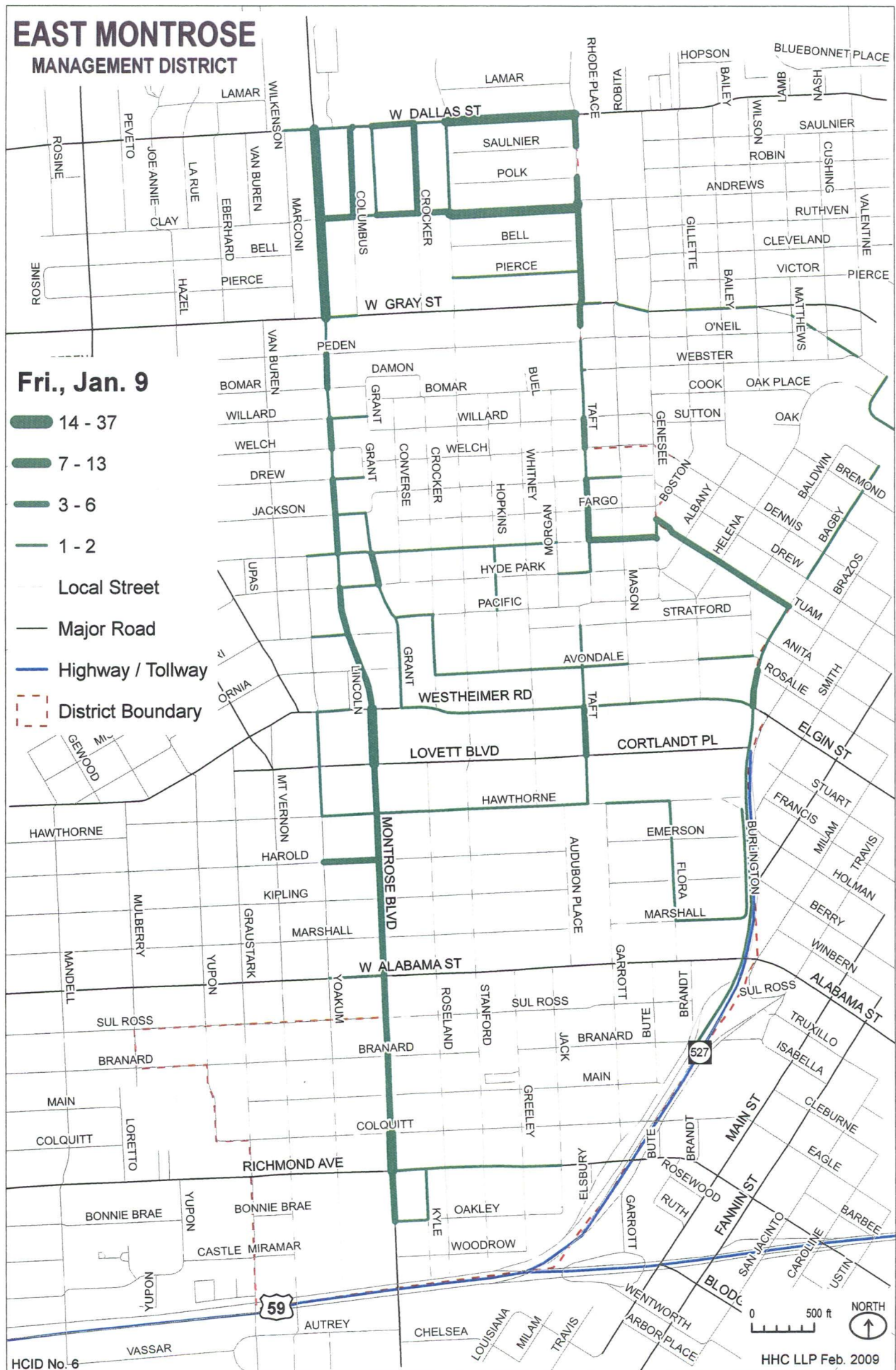
- prints, photocopies, reproductions, graphics, art supplies
- postage, deliveries
- posting, filing and submittal fees
- publication of public notices
- parking fees and tolls
- costs of food, beverage for district meetings
- travel, lodging and incidentals

Automobile mileage directly attributable to this project shall be charged at the current rate allowable under Internal Revenue Service regulations.

**Initials:** \_\_\_\_\_  
\_\_\_\_\_

# EAST MONTROSE

## MANAGEMENT DISTRICT





# EAST MONTROSE MANAGEMENT DISTRICT

**Sat., Jan. 10**

14 - 37

7 - 13

3 - 6

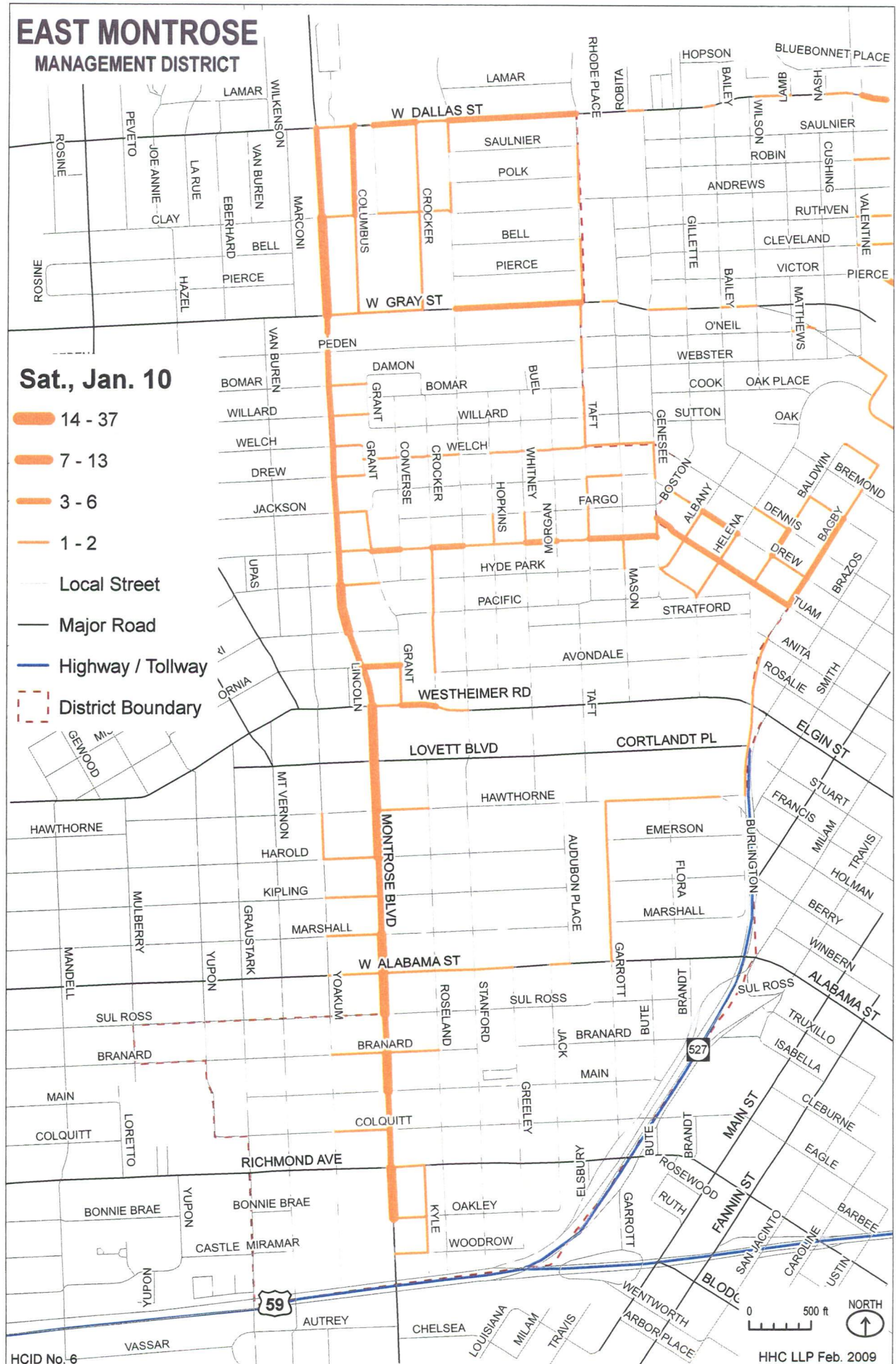
1 - 2

Local Street

Major Road

Highway / Tollway

District Boundary



# EAST MONTROSE MANAGEMENT DISTRICT

**Sun., Jan. 11**

- 14 - 37
- 7 - 13
- 3 - 6
- 1 - 2

Local Street  
Major Road  
Highway / Tollway  
District Boundary

HCID No. 6

HHC LLP Feb. 2009

HHC LLP Feb. 2009



# EAST MONTROSE MANAGEMENT DISTRICT

Mon., Jan. 12

14 - 37

7 - 13

3 - 6

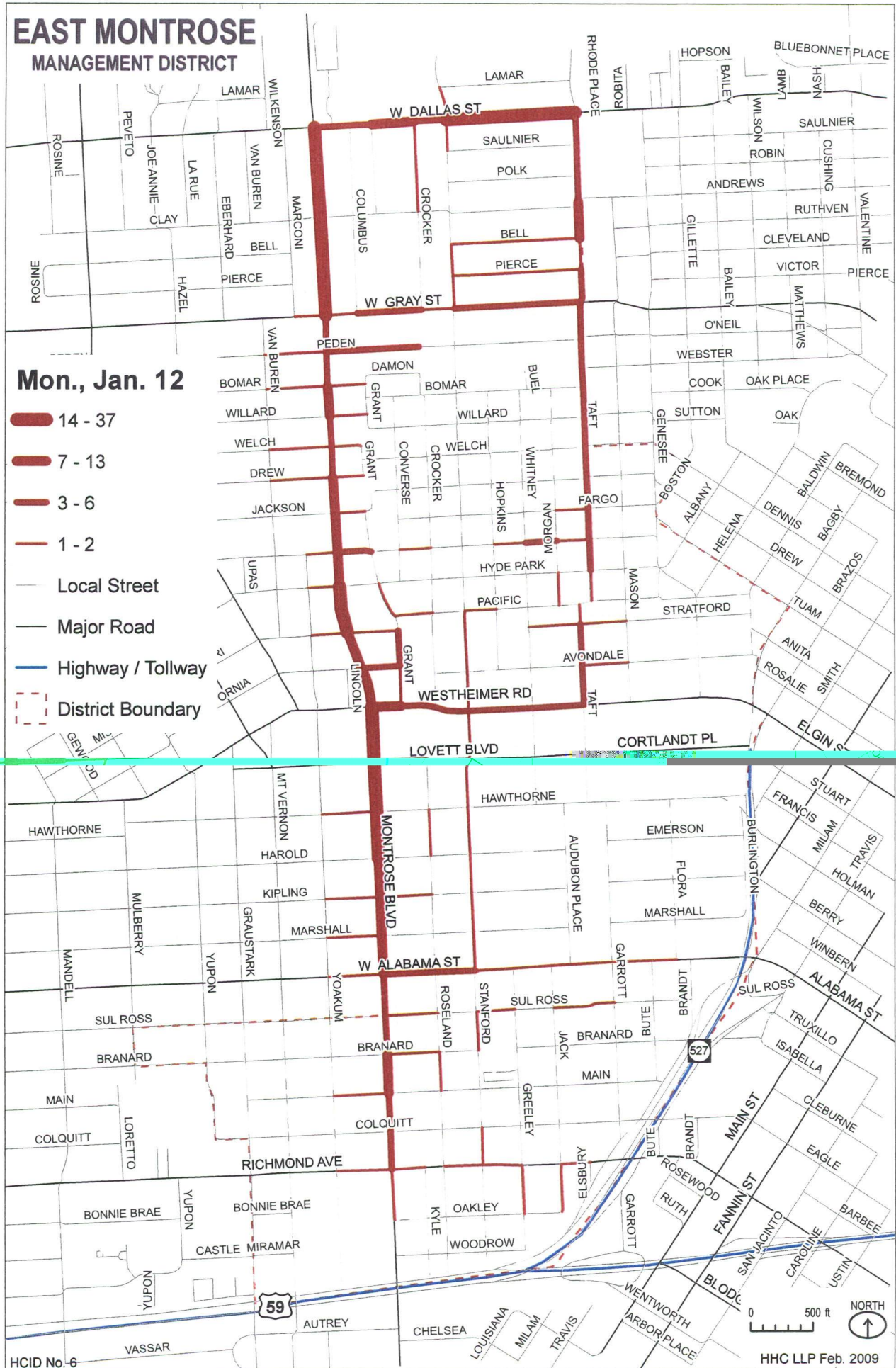
1 - 2

Local Street

Major Road

Highway / Tollway

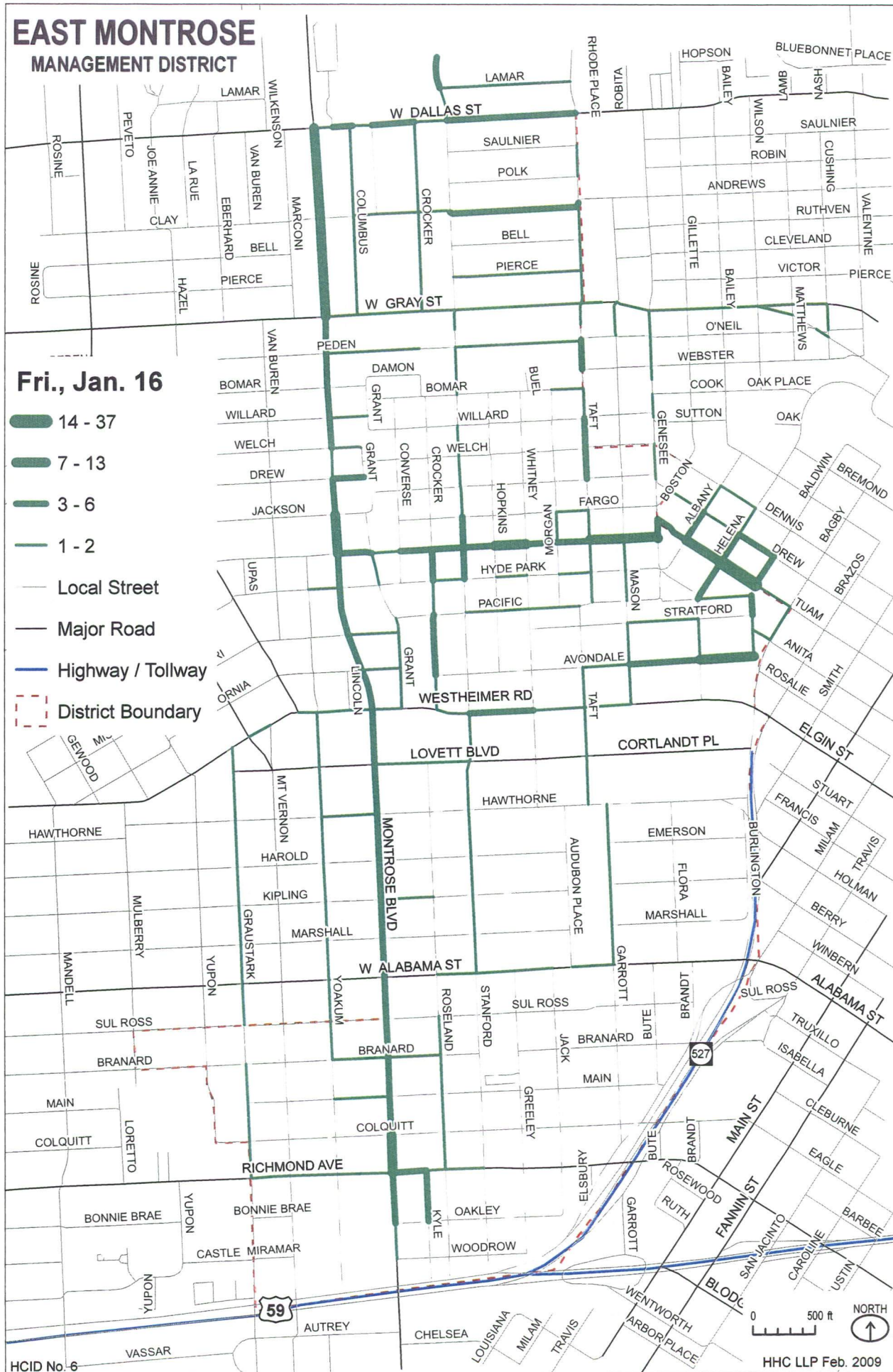
District Boundary



# EAST MONTROSE MANAGEMENT DISTRICT

**Fri., Jan. 16**

- 14 - 37
- 7 - 13
- 3 - 6
- 1 - 2
- Local Street
- Major Road
- Highway / Tollway
- District Boundary





# EAST MONTROSE MANAGEMENT DISTRICT

Sat., Jan. 17

14 - 37

7 - 13

3 - 6

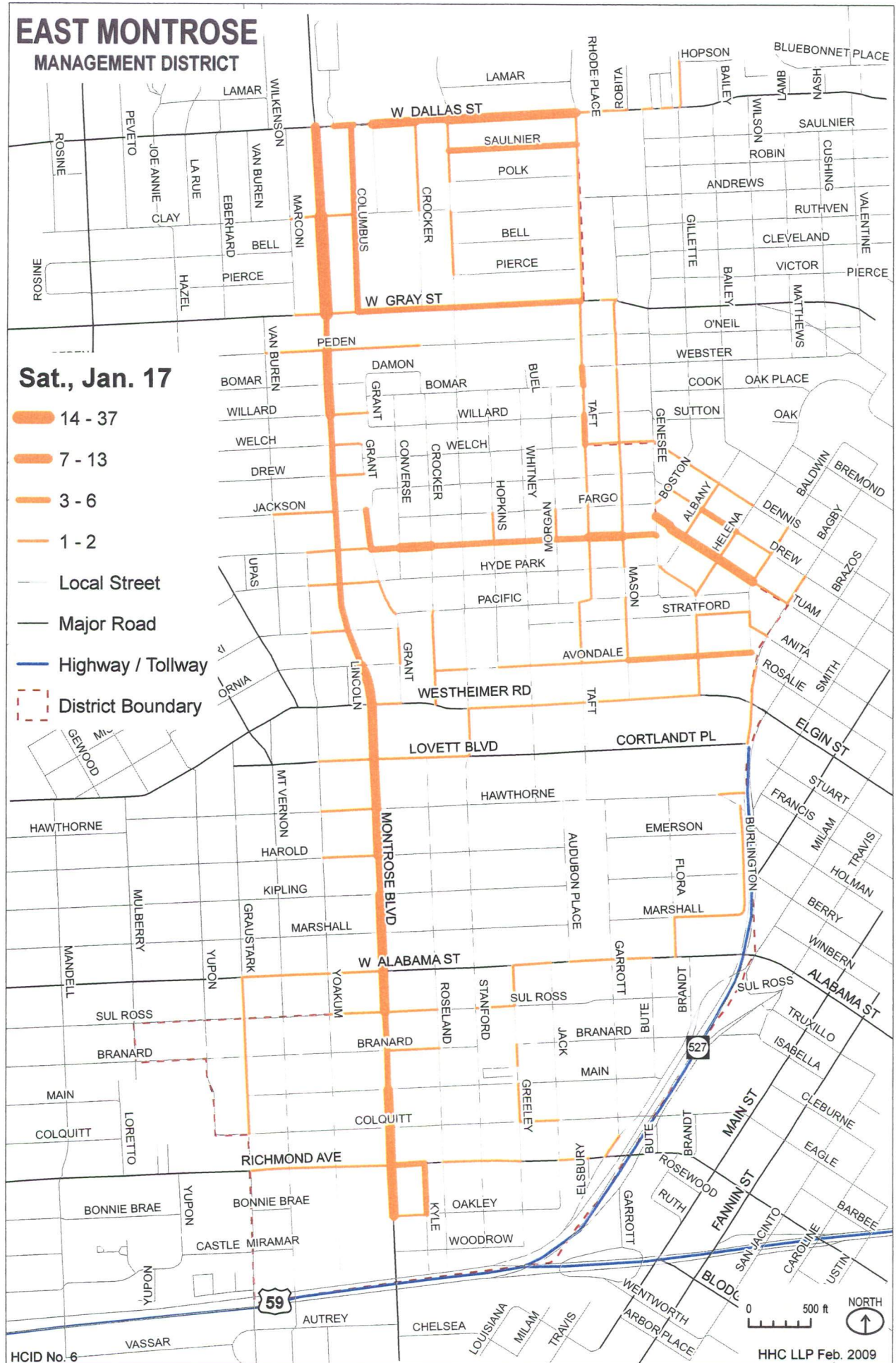
1 - 2

Local Street

Major Road

Highway / Tollway

District Boundary



# EAST MONTROSE MANAGEMENT DISTRICT

Sun., Jan. 18

14 - 37

7 - 13

3 - 6

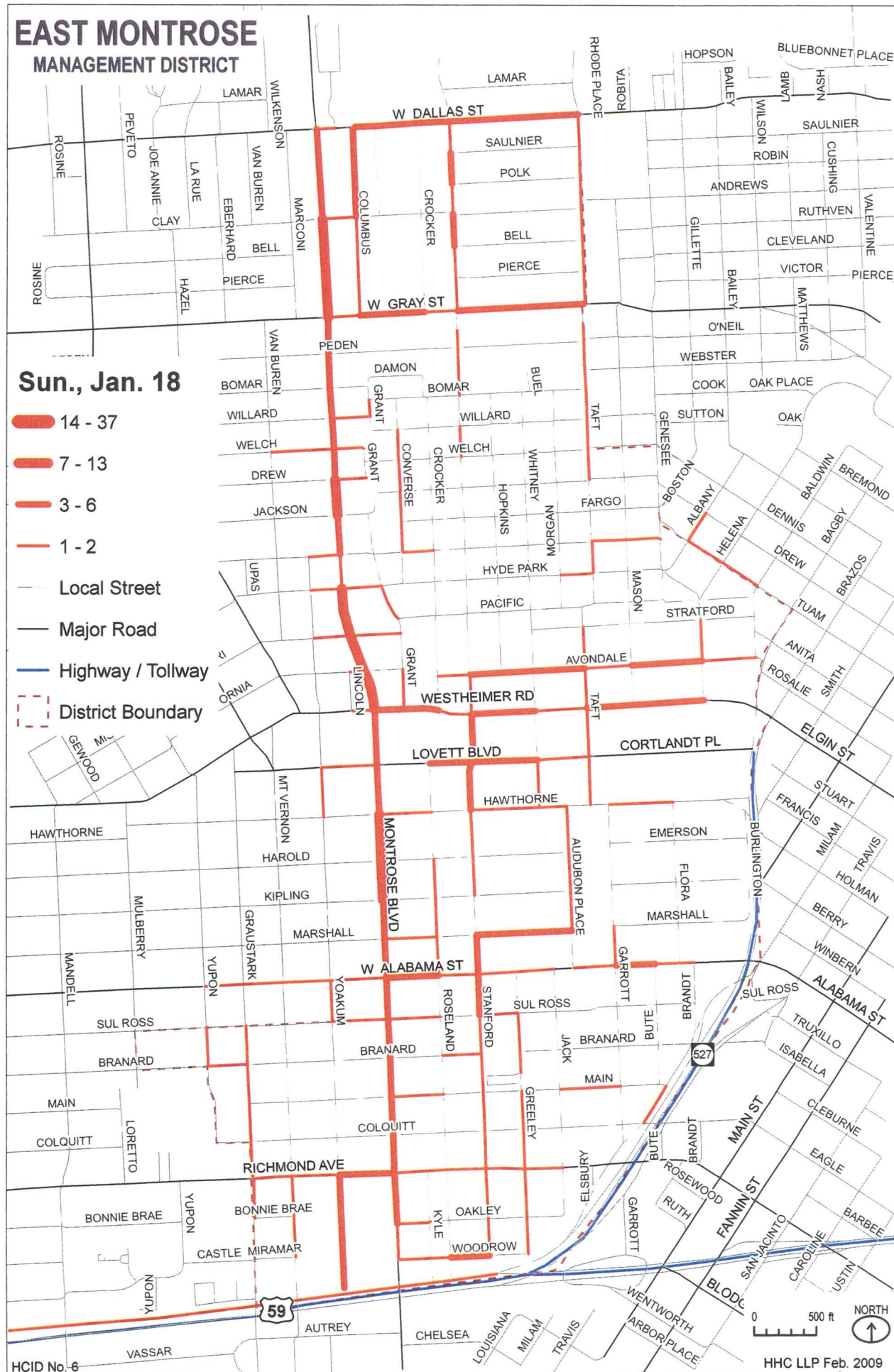
1 - 2

Local Street

Major Road

Highway / Tollway

District Boundary

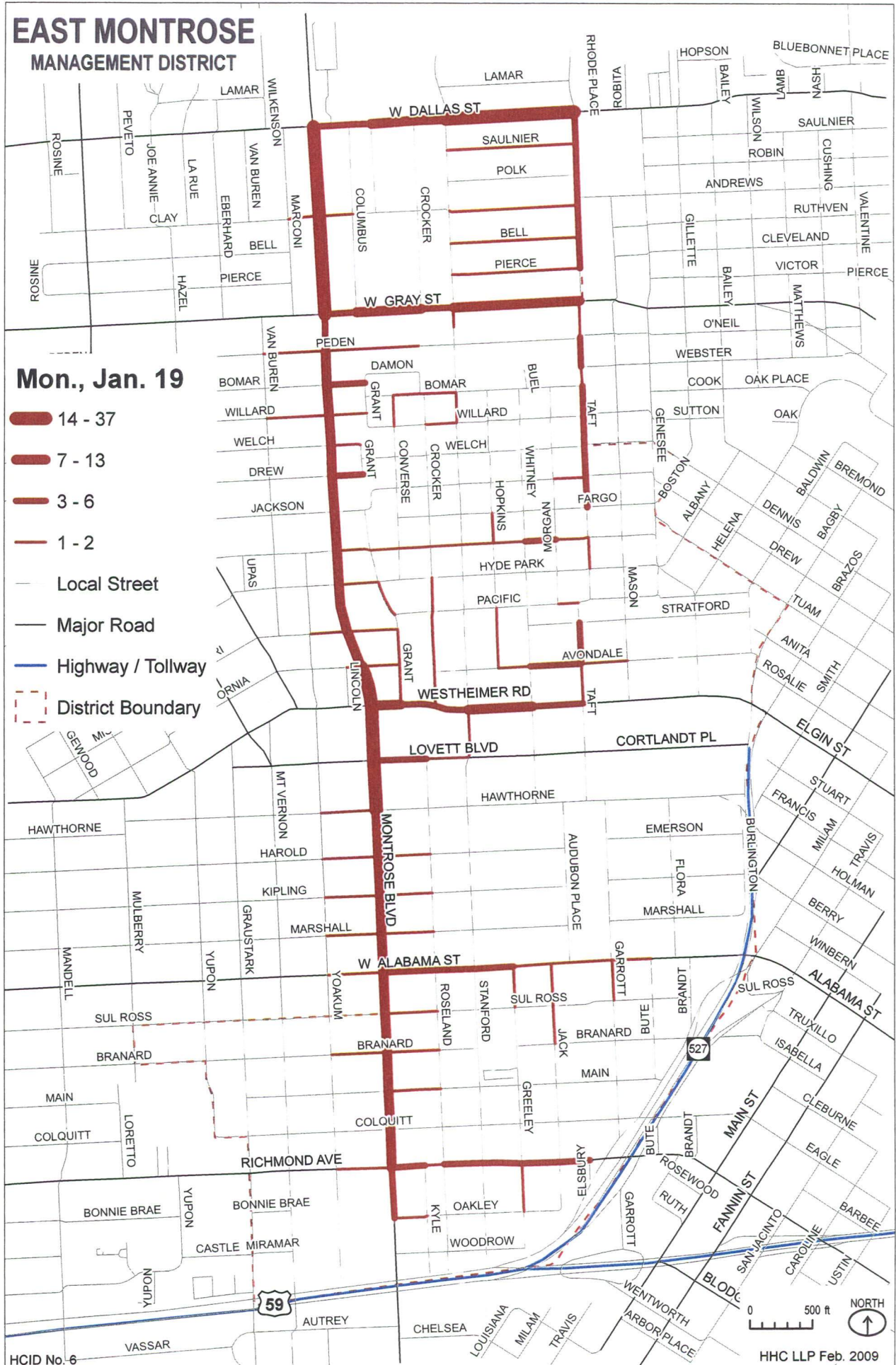




# EAST MONTROSE MANAGEMENT DISTRICT

Mon., Jan. 19

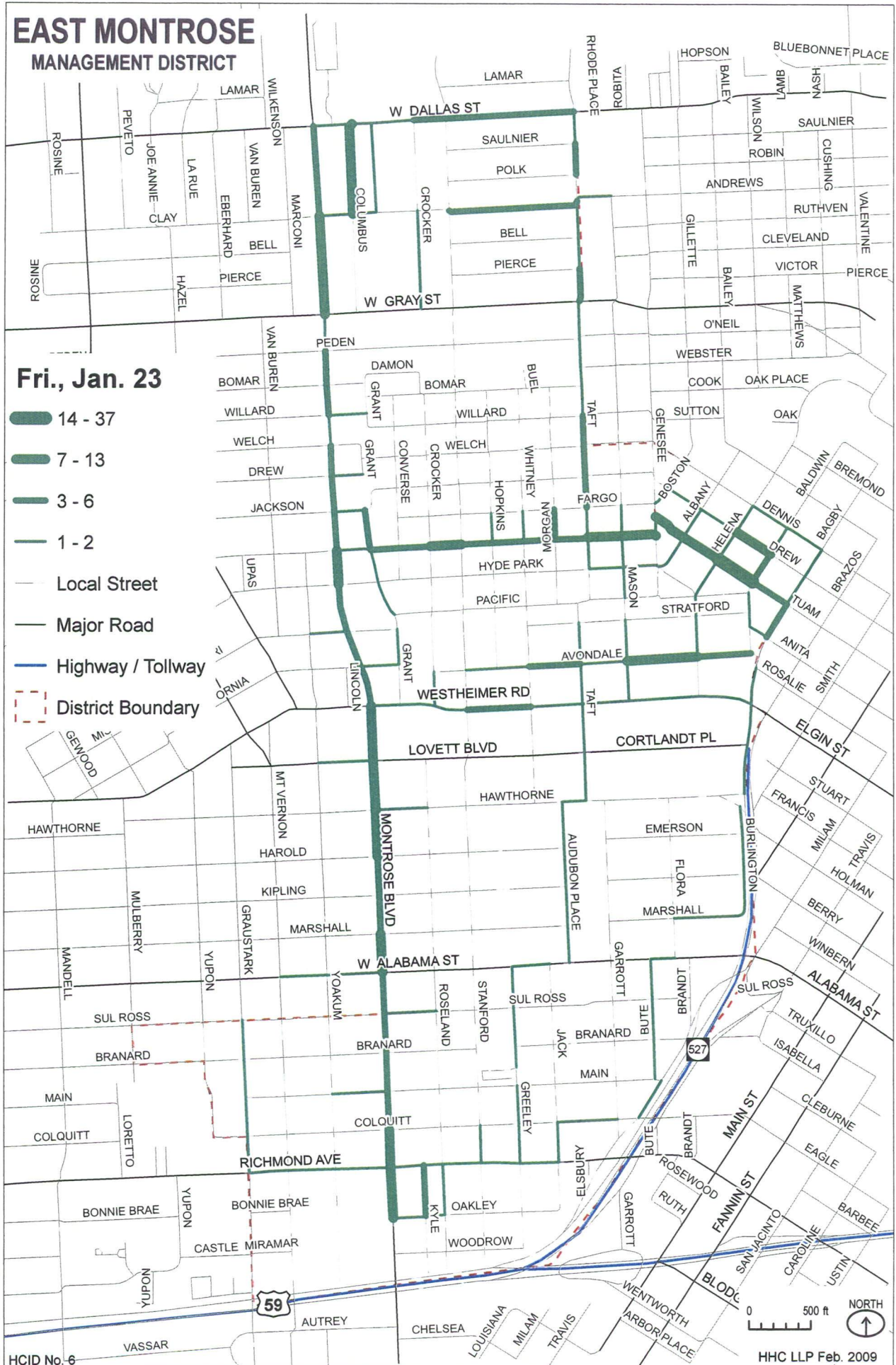
- 14 - 37
- 7 - 13
- 3 - 6
- 1 - 2
- Local Street
- Major Road
- Highway / Tollway
- District Boundary



# EAST MONTROSE MANAGEMENT DISTRICT

**Fri., Jan. 23**

- 14 - 37
- 7 - 13
- 3 - 6
- 1 - 2
- Local Street
- Major Road
- Highway / Tollway
- District Boundary





**EAST MONTROSE**  
**MANAGEMENT DISTRICT**

**Sat., Jan. 24**

- 14 - 37
- 7 - 13
- 3 - 6
- 1 - 2
- Local Street
- Major Road
- Highway / Tollway
- District Boundary

Map showing street closures for Saturday, Jan. 24, in the East Montrose Management District. Major roads like Montrose Blvd, Lovett Blvd, and Westheimer Rd are highlighted with orange lines indicating closures. The map also shows surrounding areas like Westmontrose and various local streets.

HCID No. 6

HHC LLP Feb. 2009

HCID No. 6

HHC LLP Feb. 2009

# EAST MONTROSE MANAGEMENT DISTRICT

Sun., Jan. 25

14 - 37

7 - 13

3 - 6

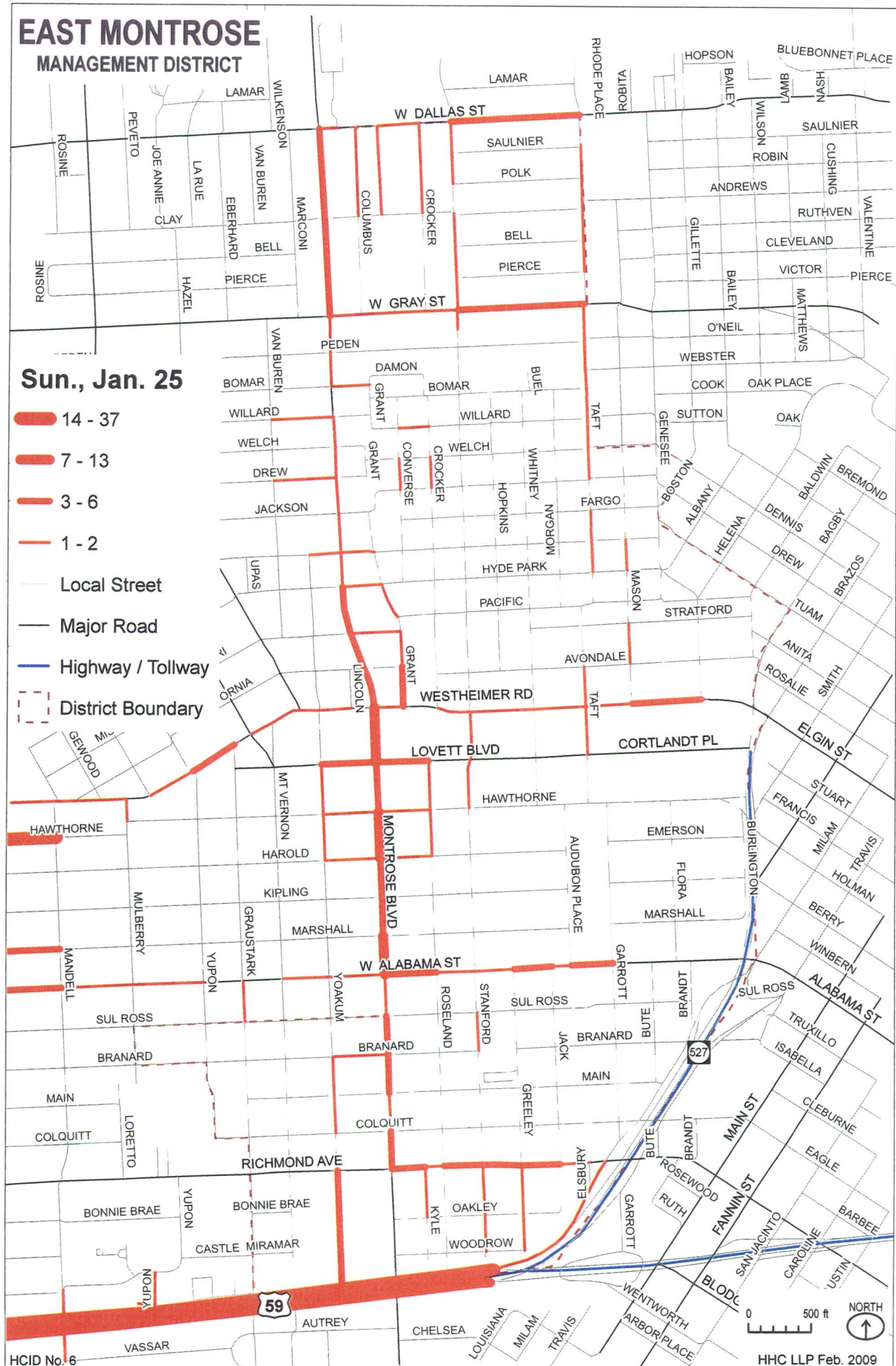
1 - 2

Local Street

Major Road

Highway / Tollway

District Boundary





# EAST MONTROSE MANAGEMENT DISTRICT

Mon., Jan. 26

14 - 37

7 - 13

3 - 6

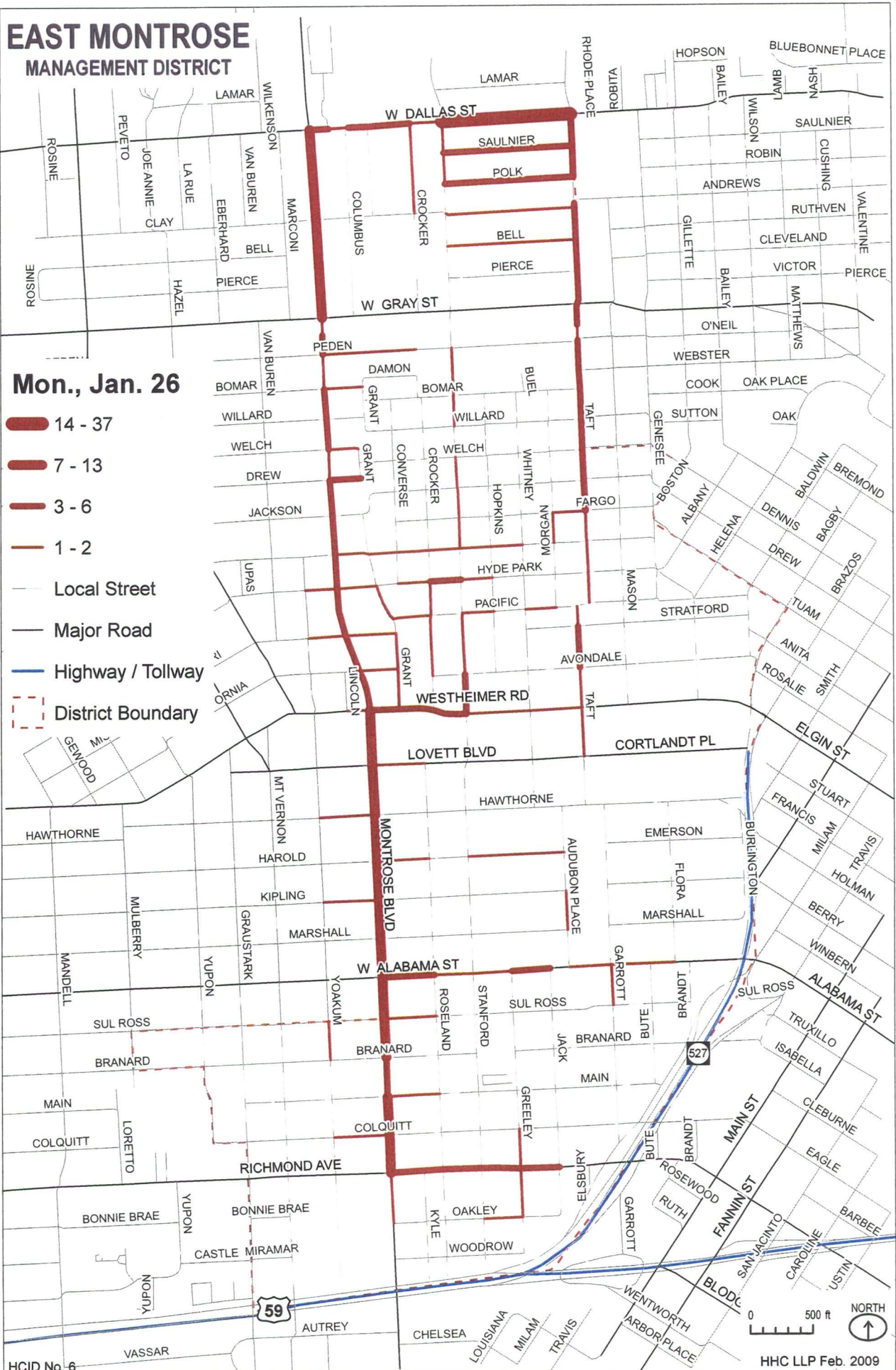
1 - 2

Local Street

Major Road

Highway / Tollway

District Boundary



# EAST MONTROSE MANAGEMENT DISTRICT

**Fri., Jan. 30**

14 - 37

7 - 13

3 - 6

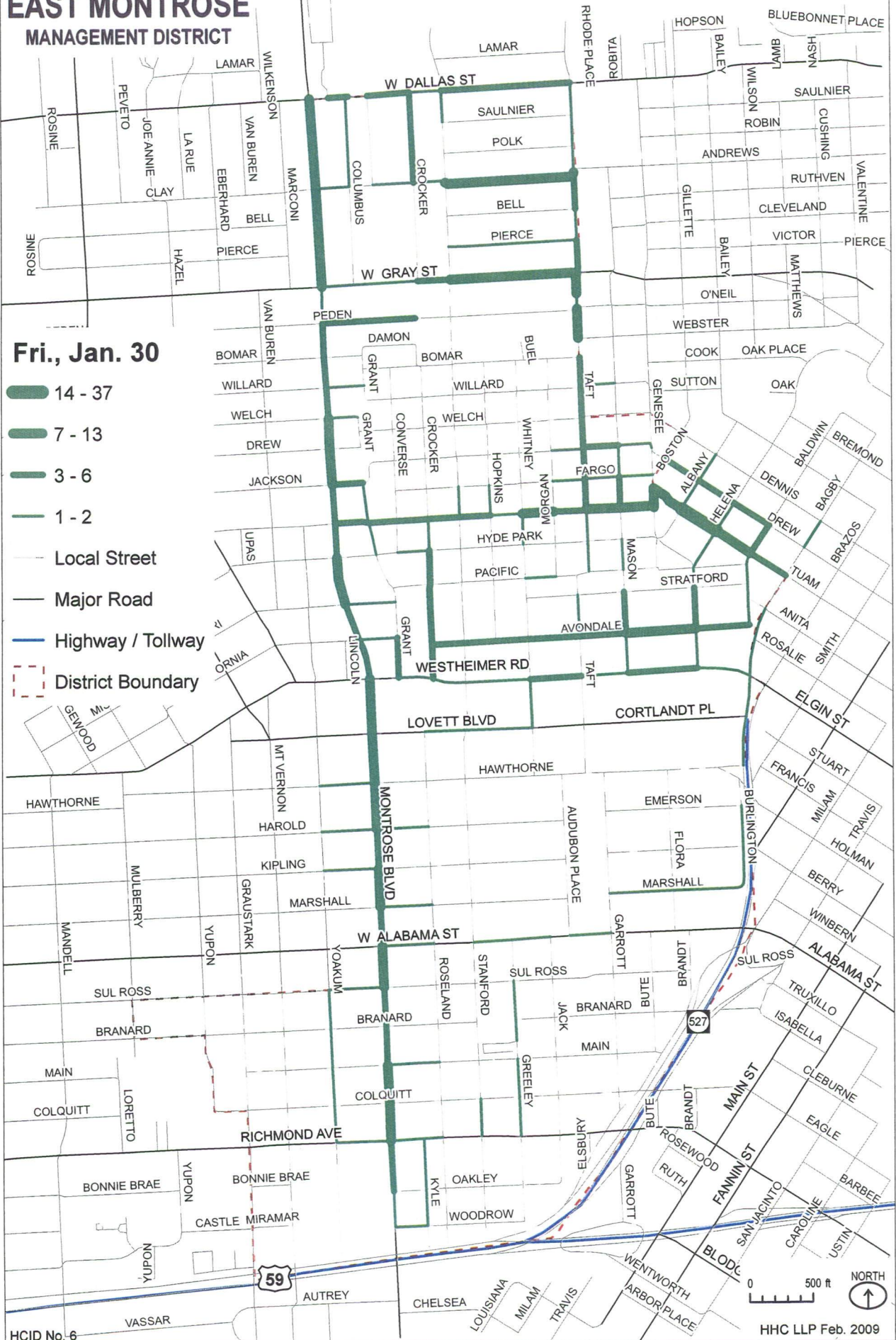
1 - 2

Local Street

Major Road

Highway / Tollway

District Boundary





# EAST MONTROSE MANAGEMENT DISTRICT

**Sat., Jan. 31**

14 - 37

7 - 13

3 - 6

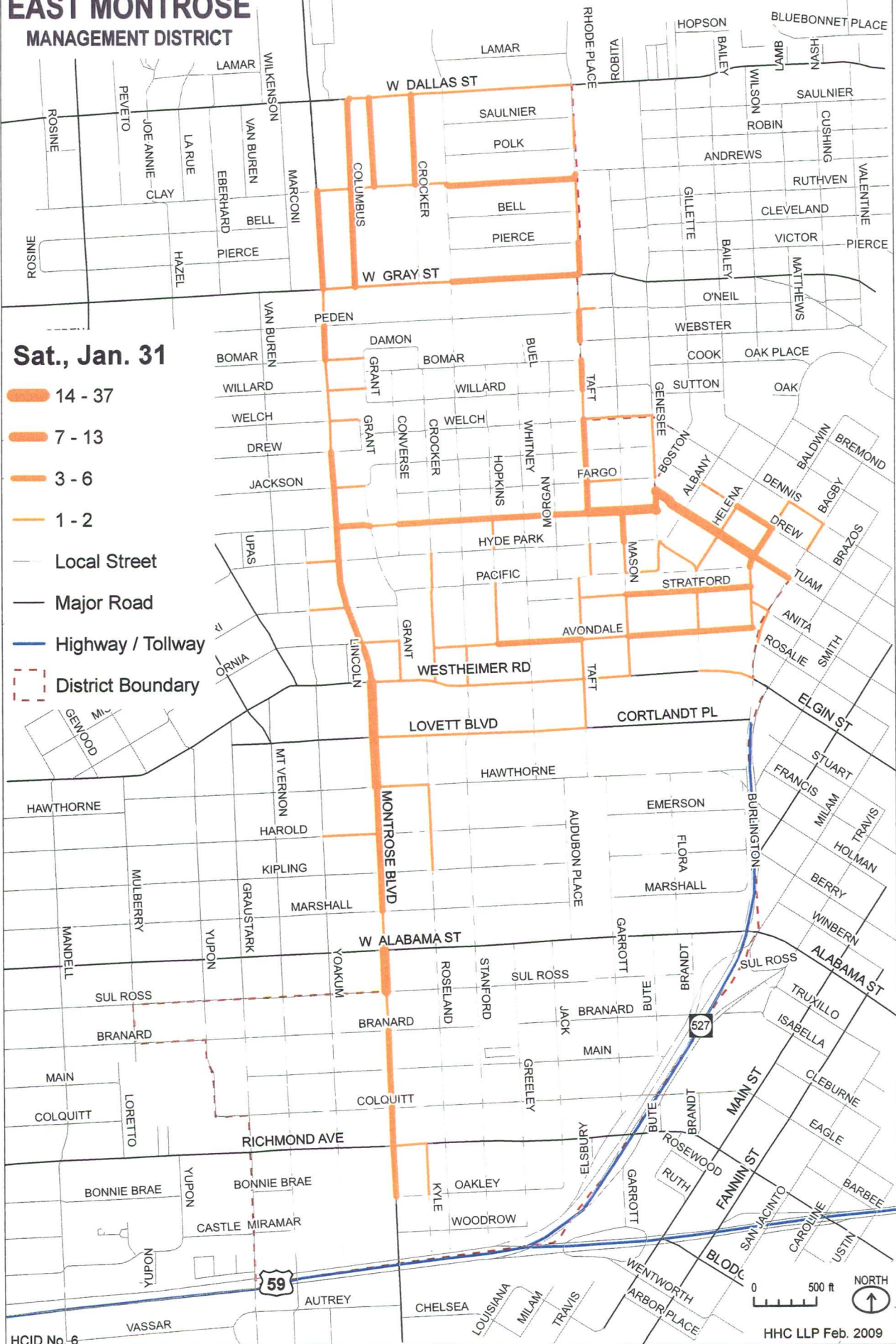
1 - 2

Local Street

Major Road

Highway / Tollway

District Boundary



**FINAL 2.13.09**

**HARRIS COUNTY IMPROVEMENT  
DISTRICT NO. 11**

**2009-2017  
SERVICE and IMPROVEMENT PLAN  
and ASSESSMENT PLAN**



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## INTRODUCTION

***IMPORTANT NOTE: This is a preliminary working document that is subject to change according to community and stakeholder input received at several planned public meetings.***

## Preface

*This document presents a Nine-Year Plan (2009-2017), which sets forth a vision, mission, goals to be achieved, services to be rendered, and improvements to be made in support and to the benefit of the property owners within Harris County Improvement District No. 11 (the "District"). In addition, this document outlines costs and a proposal for funding the plan for the area comprised by the District.*



## INTRODUCTION

### **The Vision**

*We envision Harris County Improvement District No. 11 to be a well-planned, high-quality community, integrating urban and metropolitan commercial development to enhance the local economy, provide civic improvements, support the arts, and improve the quality of life for residents.*

The thrust of the District is to promote a sense of place – a concept of identity that calls attention to the area’s unique attributes and their special value to the Greater Houston Metropolitan Region. By emphasizing these attributes, the District serves as a powerful advocate on matters related to public safety, business development, transportation planning, and visual improvements and cultural enhancements.

Throughout this effort, our mission is to provide a positive return on constituent investments, generating higher property values, a better quality of life, and successful businesses. Our Nine Year Plan provides a base level of services and improvements designed to achieve this by making the District safer and more attractive to residents, business owners, visitors, and consumers. It also provides the board with the ability to adapt to changing conditions and demands within the District and the community at large.

In creating a management district, property owners seek to:

- Organize themselves to pursue a common vision.
- Create capital investment, services, and improvements and supplement them where needed.
- Render continuous, focused, and professional management of the area’s needs.
- Provide cost-effective funding mechanisms for improvements.
- Maintain the District as a superior place to conduct business, live, work, visit, and invest.

The District’s Board of Directors will pursue these goals through a variety of programs and projects which are outlined in the next section.

Projects for the first nine years will be focused on four areas:

1. Security and Public Safety
2. Business Development
3. Transportation Planning
4. Visual Improvements and Cultural Promotion

# THE FIRST NINE YEARS

## Security and Public Safety

The strides that the District expects to make in public safety are tied to enhanced communication and cooperation with property owners, tenants, and law enforcement agencies. The result will be to enhance the District's current levels of public safety, allowing the community to grow economically and become a welcome place for residential and business property owners, tenants, guests, visitors, and consumers.

**MISSION:** *To preserve and develop the District as a destination by providing a safe environment in both perception and reality with focused public safety programs.*

### PROGRAMS and PROJECTS:

1. Develop and implement programs for graffiti abatement and prevention through landscaping.
2. Develop a plan with CenterPoint Energy, the City of Houston, retail electric providers, and others to increase and maintain consistent street lighting in public areas.
3. Partner with HPD, Metro, and other law enforcement agencies to proactively reduce conditions conducive to crime and provide focused attention on the safety needs of the area.
4. Establish strong relationship with HPD's Positive Interaction Program (PIP) and supplement programs as necessary and appropriate.
5. Coordinate with the city to provide adequate and appropriate traffic control devices where necessary.
6. Build positive relationships between property owners and public safety agencies through sponsorship of safety awareness programs and activities.
7. On behalf of property owners, advocate for regional security needs with county, city, state, and federal law enforcement agencies.



## **Business Development**

The District will take a proactive role in the development of economic and promotional initiatives and will coordinate these activities with other public and private economic development organizations at the local and state level. District staff will be available to promote the area with speakers, demographic information, and presentations to those considering the District as a business or investment opportunity.

**MISSION:** *Mobilize resources to address current and future infrastructure, development, and open space needs to attract and retain employees, attract consumers and visitors, increase values, and facilitate business development.*

### **PROGRAMS and PROJECTS:**

1. Develop programs that support small business owners and independent restaurants.
2. Establish a parking plan to support business activity while protecting the integrity of neighborhoods.
3. Coordinate existing studies by GHP, Blueprint Houston, TXDOT Mobility, County Watershed and Flood Control, etc. to develop a cohesive growth strategy.
4. With the City of Houston, develop convenient recycling methods for businesses.
5. Develop and coordinate historical information about the District and support preservation of historic properties and structures.
6. Provide public relations and marketing support for the District's transportation, planning, and public safety efforts.
7. Establish the District as a "clearinghouse" for the accumulation and dissemination of information through a web site and other media to assist employers, residents, the general public, and the commercial real estate community in identifying the area as a successful center for new business development.
8. Sponsor research for District marketing materials to meet the needs of current and prospective property owners, tenants, employers, real estate agents, meeting planners, and the public.
9. Boost business opportunities by identifying specific areas of involvement with the Greater Houston Partnership, local chambers of commerce, and neighborhood business and civic organizations.

## Transportation Planning

Mobility deficiencies in the District are of three primary types: (1) internal circulation, (2) regional access, and (3) parking. To enhance mobility, the basic infrastructure systems such as roadways, traffic control, public transportation, parking, and utilities must be addressed in a unified and consistent manner. The District will work with city, county, regional, and state entities to ensure that this area receives the required investment in construction and maintenance of that infrastructure.

**MISSION:** *To utilize and improve existing resources to create a well-planned transportation system which effectively addresses current and future mobility and infrastructure needs.*

### PROGRAMS and PROJECTS:

1. Coordinate with Metro on the proposed Richmond Rail Line.
2. Enhance amenities for pedestrians and cyclists through planning with regional, county, and city agencies on capital improvements, street/sidewalk standards, bikeways, secure bicycle racks, and other facilities.
3. Monitor and improve public transportation shelters, seating, and trash services.
4. Serve as an agent for a trolley system that works in conjunction with a parking plan to protect neighborhoods and support businesses.
5. Develop and implement a transportation and mobility master plan while working with public, private, and nonprofit entities to ensure that the District is included in long- and short-term transportation planning efforts.
6. Create a Montrose Boulevard promenade to establish a sense of destination and community.
7. Provide resources for transportation and traffic flow studies and use available resources to assist in the design of certain mobility projects.



## Visual Improvements and Cultural Promotion

This project area affects the quality of the business community and influences decisions of potential investors, tenants, and customers. The District will be concerned with appearance and image, physical improvements, private and public infrastructure needs, cultural promotion, and open spaces such as parks and trails. The District will work to promote conservation programs and improve streetscapes and park facilities. Each of these elements will add to a "sense of place" and identity.

The District will develop programs to promote and extend existing cultural attributes of the community through beautification and landscaping of streets and freeway frontages, perimeter and interior markers, custom signage, banners, flags, and monuments. The District will also work with property owners and public entities to coordinate maintenance of setbacks and rights-of-way.

**MISSION:** *To coordinate among key communities and mobilize resources to address current and future infrastructure, branding, beautification, open space, and cultural enhancement needs.*

### **PROGRAMS and PROJECTS:**

1. Develop and implement master plan based on the Urban Village concept that addresses landscaping, streetscaping, lighting, bus shelters and seating, parks, trails, and open space.
2. With the City of Houston Parks Department, promote esplanade and median adoptions.
3. Support and maintain public art at Metro stops.
4. Develop and fund contract services for supplemental mowing, trash pick up, and bandit sign removal on public rights of way.
5. Preserve, enhance, and expand the District's public parks and trails systems.
6. Address water, wastewater, and drainage requirements of the District and advocate for necessary infrastructure improvements through city, county, and state resources.
7. Create District identity, visual continuity, and inviting streetscapes through improvements in landscaping, street furnishings, and visual elements.
8. Advocate for and support the development of conservation programs that focus on employer/employee-based waste and emissions reduction and recycling that bring about a healthier atmosphere.

## **Project Staffing and Administration**

**MISSION:** *Provide effective, efficient support services to District programs, including security and public safety, business development, transportation planning, and visual improvements and cultural promotion at the least possible cost to commercial property owners of the District.*

### **PROGRAMS and PROJECTS:**

1. Respond to the day-to-day needs of the District while initiating plans for long-term stability and growth.
2. Utilize human and financial resources in an efficient manner to accomplish the nine-year service and improvement plan.
3. Advocate for the District's fair share of city, county, and state resources.
4. Accurately reflect the costs of providing services in each program area through a carefully monitored cost allocation system.
5. Provide annual financial audits that protect the financial integrity of the District and help ensure the most efficient use of resources.
6. Ensure compliance with the Texas Public Information Act ("Open Records Act"), Open Meetings Act, Public Funds Investment Act, and all other applicable state, federal, and local laws and regulations.
7. Maintain an efficient level of office technology to ensure the fullest utilization of all available resources.
8. Monitor, evaluate, and adjust administrative systems and procedures to assure maximum benefit on revenues received by the District from property owner assessments, grants, contracts, and other financial resources.



## THE 2009-2017 BUDGET

The District will provide funding to the four major project areas as outlined below. These figures are general projections based on needs and priorities anticipated today. From year to year, priorities will change, and this plan provides that the District's Board of Directors will have the flexibility to adjust the application of resources to meet the changing needs of the area.

Each year the District's Board of Directors will re-evaluate the plan, assess projects and services, and approve a budget for that year. Following is the projected average annual expenditure for the services authorized under this *Service and Improvement Plan*.

	<b>Projected Average Annual Expenditure</b>	<b>Projected Nine-Year Total</b>	<b>Percentage</b>
Security & Public Safety	\$294,946	\$2,654,514	30%
Business Development	\$245,788	\$2,212,092	25%
Transportation Planning	\$147,475	\$1,327,275	15%
Visual Improvements & Cultural Promotion	\$98,315	\$884,835	10%
Project Staffing & Administration	\$196,631	\$1,769,679	20%
	<b>\$983,155</b>	<b>\$8,848,395</b>	<b>100%</b>

## ASSESSMENT PLAN: FINANCING THE VISION

Under this *Service and Improvement Plan*, the District will assess the land and improvements of commercial property owners within the District's boundaries to provide funding for the projects within the major areas of service outlined. The assessment for each year of the *Service and Improvement Plan* will be \$0.125 for each \$100 of value based on the taxable property value as certified by the Harris County Appraisal District ("HCAD") with respect to that calendar year. Services and improvements are intended to be provided on a pay-as-you-go basis with assessments made to fund projects. If the Board determines that projects are needed which cannot be financed on this basis, the Board may authorize bonds or other debt financing after calling a public hearing regarding the financing options.

### MORE DETAILED INFORMATION ON THE SERVICE AND IMPROVEMENT PLAN

**Property Subject to Assessment.** The property subject to assessment will be the land and improvements of the commercial property owners within the boundaries of the District. The following property will be exempt from assessment: single-family detached residential, duplexes, triplexes, quadraplexes, condominiums, municipalities, counties, other political subdivisions, entities exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, public utilities, and recreational property or scenic use property that meets the requirements of Section 375.163, Texas Local Government Code. Equipment and inventory are not subject to assessment.

**Annual Budgets and Assessment Rates.** The Board of Directors will annually evaluate the need for and advisability of the services authorized under this *Service and Improvement Plan* to determine the specific projects within the *Service and Improvement Plan* that will be undertaken the following year. The Board will then set and approve a budget for the following year consistent with the annual plan, taking into consideration the value of the property subject to assessment and the revenue that the assessment rate will produce.

As this plan is nine years in length, it is probable that the service needs in each of the major categories will change, particularly as District objectives are met. Therefore, this *Service and Improvement Plan* allows the Board of Directors the flexibility to apply the assessment revenue to the major categories of services in varying percentages.

The District proposes to set the rate of assessment at \$0.125 per \$100 valuation for each year of the *Service and Improvement Plan* based on the taxable property value as certified by HCAD with respect to that calendar year. The assessment will be made after the District's tax rolls are certified by HCAD each year to generate funds for implementation of the *Service and Improvement Plan* in the following year. The assessment roll will be revised and amended as necessary to accommodate certified valuation changes or additions made by HCAD from time to time. This would mean that a property subject to assessment valued by HCAD at \$1 million in any given year would pay an assessment of \$1,250 to fund projects in the following year if the rate of assessment were \$0.125 per \$100 valuation.



**Assessment Rate Increases.** Pursuant to this *Service and Improvement Plan*, the District Board of Directors is proposing a one-time assessment due and payable on an annual basis over the 10-year life of the Plan. The rate of assessment will not increase under this *Plan*.

**Cap on the Amount of Individual Property Assessments.** The plan provides that no property may be assessed an amount in any year of this plan that exceeds twice the amount such property was assessed for projects in the first year of the *Service and Improvement Plan* (2008), plus any value added by new construction on such property so designated by HCAD. Thus, the maximum for which the owner of a property valued at \$1 million in 2007 would ever be liable in any year under this *Service and Improvement Plan* would be \$2,500 (2 times the \$1,250 assessed in 2007 for 2008 projects) plus any assessment on new construction added to this property.

**Basis for Assessment.** In each year of the plan, the assessment will be based on the HCAD certified taxable value for each property in such year as established by HCAD. This means that an individual property owner's assessment may vary each year.

**New Construction.** New construction so designated by HCAD and any property annexed into the District, if any, will be added to the assessment roll at the value set by HCAD. The Board will prepare a supplemental assessment roll for such property and levy assessments on such property for the specific benefits to be received by the services and improvements to be provided by the District. Such new construction in the District and annexations, if any, will generate new revenue. The average expenditures projected above assume a 2% growth in value per year. Over the years, it will also be necessary for the Board of Directors to consider the effects of inflation and to factor it into the District's budgets. If inflation remains low or values increase more than 2% per year, the Board anticipates the growth in assessment revenue from new construction will cover inflation during the nine-year period and allow the District to provide most, if not all, of the services contemplated hereunder. If revenues exceed projections, the Board may allocate those additional revenues to each program category.

Assessments would become due and payable and become delinquent and incur penalties and interest in accordance with the provisions relating to ad valorem taxation contained in the Texas Tax Code. Assessments will also be subject to the recapture provisions, which apply to change in use of agricultural land in accordance with the Texas Tax Code.

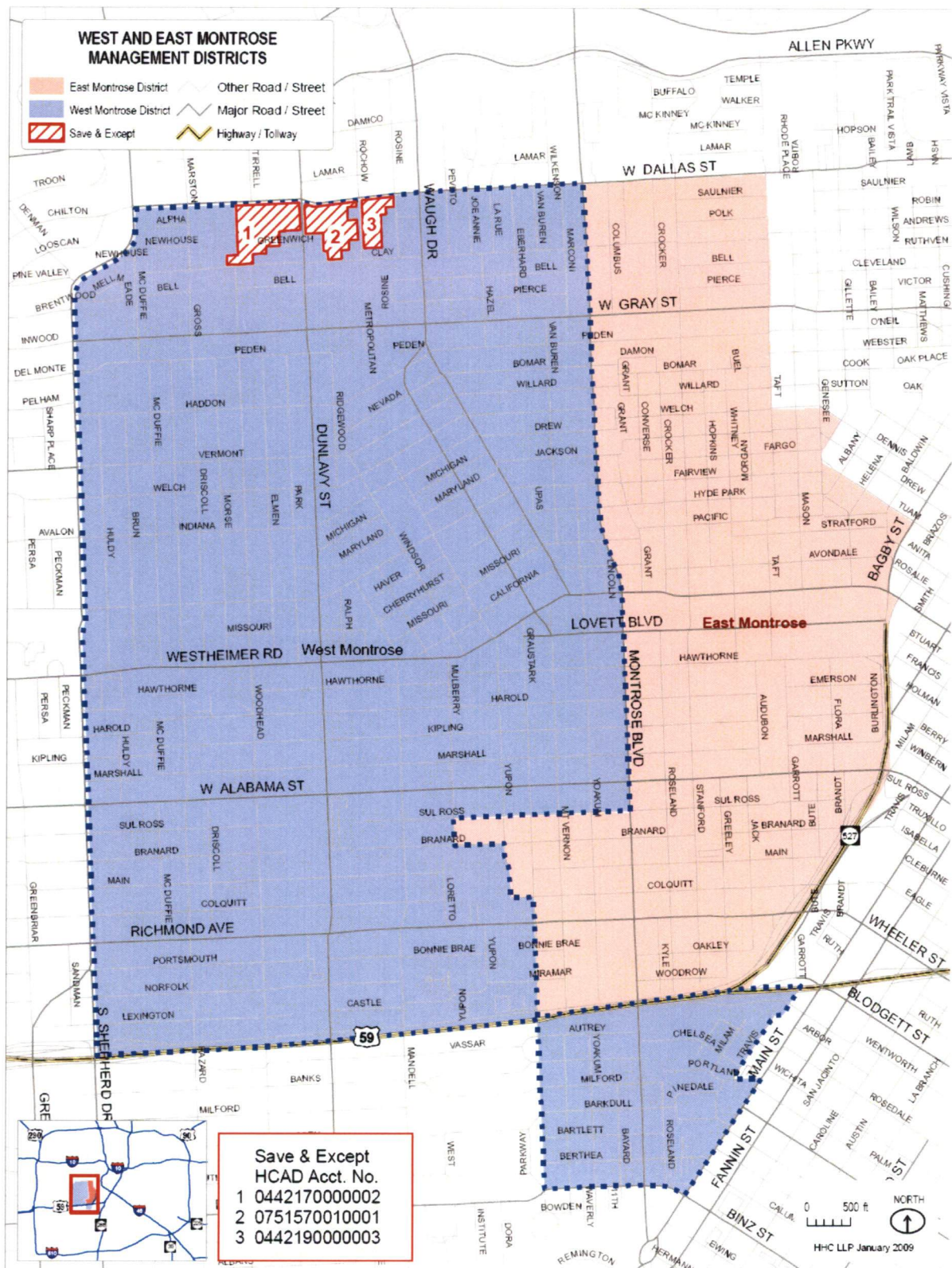
The delivery of the services and improvements is anticipated to add value to all properties within the District. The District property owners will be able to collectively leverage greater resources, resulting in increased levels of service and an enhanced public awareness and image for the District. An improved District benefits property owners directly and also the Houston metropolitan region at large. A boundary map of the District is attached.

**Credit against certain property owners' association assessments.** The Purposes of the District are served when groups of property owners take upon themselves the goals and functions that would otherwise be carried out by the District. In some instances, the financial efforts of associations of the owners of assessable property in the District duplicate the services or projects of the District, thereby allowing the District to focus its financial efforts on other property. In such event, a property owners' association representing property subject to assessment by the District may petition the District's Board for a credit against a District assessment if such duplication is established to the satisfaction of the Board. The petition must be received on or before 15 days prior to the date the budget for the following year is finalized by the Board to allow the Board to accommodate a valid petition. In the alternative, the Board may allow a credit applicable to the entire Plan or the balance thereof. The credit shall be determined calculating the amount of the petitioner's self-assessment representing the duplicated efforts, and providing a corresponding offset against the applicable District annual assessment.

*If you have any questions, or wish to set up a personal visit with  
Harris County Improvement District No. 11  
please call the District Administrator at 713.595.1200.  
Thank you for your consideration of this plan.*



## APPENDIX A



**HARRIS COUNTY IMPROVEMENT DISTRICT NO. 6**

HARRIS COUNTY, TEXAS

**AUDIT PROPOSAL**

FOR THE YEAR ENDED

DECEMBER 31, 2008



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Fax: (512) 340-0604

February 18, 2009

Board of Directors  
Harris County Improvement District No. 6  
Harris County, Texas

Dear Board Members:

Attached is a copy of our engagement letter for the audit of Harris County Improvement District No. 6 as of and for the year ended December 31, 2008. It is a pleasure to have this opportunity to present our proposal.

McCall, Gibson & Company, PLLC is a Texas CPA firm, concentrating on accounting and auditing for local governmental and not-for-profit organizations only. In the beginning of our professional career we recognized that there were areas within the local governmental and not-for-profit industries that had accounting issues we enjoyed, so we chose to develop our expertise in this area. It is because of this specialty that we believe our firm is small enough to provide the very best in personal service and large enough to practice the quality standards of the largest CPA firms.

In 1987, when the firm was first formed, we audited 35 water districts; today, the firm audits in excess of 220 water districts, thirteen regional water and wastewater treatment facilities, three cities, thirteen emergency services districts, ten management districts, two development districts and two water authorities. In addition, we audit approximately 25 not-for-profit entities including three large homeowners associations, two water supply corporations, four volunteer fire departments and nine redevelopment authorities.

The firm was originally formed on March 1, 1987, twenty-two years ago. The owners of the firm are Michael M. (Mike) McCall, Debra A. (Debbie) Gibson, Christopher (Chris) J. Swedlund and Noel W. Barfoot. Mike has worked in public accounting a total of 32 years, ten of those years were with a large local CPA firm and for two years he was the partner-in-charge of all municipal engagements. Debbie has been with the firm since its inception and originally started working in public accounting in 1985. Chris joined the firm in 1994 after graduation from Abilene Christian University. Noel first worked for the firm from 1996 until 1998 after graduation from the University of Houston. In 1998 he moved back to his native Beaumont/Orange area; working as an audit manager for a CPA firm in Beaumont. In 2005 Noel subsequently moved back to Houston and the firm. The last twenty-two years have been challenging and we can proudly say significant strides have been made in our efforts to better serve our clients.

Member of  
American Institute of Certified Public Accountants  
Texas Society of Certified Public Accountants



Professionally we are members of the American Institute of Certified Public Accountants (AICPA) and the Texas Society of Certified Public Accountants. In June of 1988 the firm joined the Private Companies Practice Section (PCPS) of the AICPA. On July 23, 2008, the firm's latest peer review was performed under the oversight of the Texas Society of Certified Public Accountants. A copy of the reviewer's report is enclosed.

In 1997, the State Legislature required investment officers of all local governmental units to take a minimum of 10 hours of investment training. This requirement has since been revised to 4 or 6 hours depending on when the investment officer was appointed. We have been instrumental in following the Legislature's requirement by providing such training to local government investment officers. In the last twelve years, we have sponsored fifteen such training courses in Texas and have trained over 2,900 people. Our investment of time and resources to present such training reflects our commitment to being a leader in this industry. Our last seminar was on November 15, 2008, and included speakers Ms. Jeanne McDonald, Attorney-at-Law, Dr. Bernard Weinstein, Director of the Center for Economic Development and Research and a Professor of Applied Economics at the University of North Texas, and Ms. Linda Patterson of Patterson & Associates of Austin, Texas.

In addition to the owners, the firm employs Janet Boulden, CPA. Janet joined the firm in July 2004 and attended the University of Houston. Jennifer Day, CPA joined the firm in December 2001 after graduation from Sam Houston State University. Pat Baughman, CPA joined the firm in April 2008. Pat's previous experience includes twelve years with Blinn College in Brenham, Texas. Julia McCain, CPA joined the firm in November 2008 and is an audit manager with the firm. Julia graduated from Texas Tech University and previously worked as an auditor with KPMG, LLP. The firm's other employees include twelve staff accountants with accounting degrees or comparable educational backgrounds, one para-professional, and five administrative and clerical personnel.

Our approach to the audit will be to plan the audit and perform a preliminary review of your system of internal control. We will use our standard in-house generated audit program. Most material accounts will have a detailed test of transactions. We will perform the audit in your offices provided that appropriate space is available for our audit staff.

As noted in the enclosed engagement letter the fees for audit services are expected to be as follows:

- Audit of Harris County Improvement District No. 6 financial statements for the fiscal year ended December 31, 2008, to range between \$8,000 and \$10,000.

Our billing rates include the cost of any supplies or out of pocket expenses incurred. The audit estimate is strictly a range and not a fixed bid amount. It is based upon a budget of 67 hours for the audit. If during the course of the audit, it is determined that this estimate is not adequate because of special problems or circumstances, we will discuss the problems with the President or the Board of Directors prior to proceeding further. See the attached schedule of rates, budget hours by position, experience and training of the persons that will be involved in your audit.

Having you as a client is very important to us and we sincerely want to work for you. Please feel free to give us a call if you have any questions regarding the engagement, our qualifications or the contents of this letter.

Sincerely,



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For the Firm  
McCall, Gibson & Company, PLLC  
Certified Public Accountants

Attachments



We estimate the following classifications of personnel and budgeted hours will be required to perform the audit:

	<u>Rates Per Hour</u>	<u>Audit Hours</u>
<b>One Staff Accountant</b>	\$80 - \$120	17
Experience:		
Zero to three years		
Training:		
Degreed accountant or trained paraprofessional.		
Functions:		
To accomplish procedures commensurate with experience.		
<b>One Audit Senior or Manager</b>	\$120 - \$160	26
Experience:		
Three to twenty years auditing experience		
Training:		
Certified Public Accountant or Candidate.		
Functions:		
To supervise and accept responsibility for draft report.		
<b>One Principal (Shareholder)</b>	\$200	15
Experience:		
Ten to thirty years experience		
Training:		
Certified Public Accountant		
Functions:		
Review, supervision and accept final report responsibility.		
<b>Clerical Support Staff</b>	\$50 - \$80	<u>9</u>
Word processing, confirmation control and report assembly.		
<b>Total Hours</b>		<u><u>67</u></u>

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February 18, 2009

## **Board of Directors**

Harris County Improvement District No. 6

Harris County, Texas

In accordance with our understanding, we will audit the financial statements of the governmental activities and each major fund, which collectively comprise the basic financial statements of Harris County Improvement District No. 6 (the "District") as of and for the year ended December 31, 2008. In addition, accounting principles generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A) and the schedule of revenues, expenditures and changes in fund balance – budget and actual for the general fund, to accompany the District's basic financial statements. As a part of our engagement we will apply certain limited procedures to the District's RSI, however the information will not be audited and we will disclaim an opinion on such information. The document we submit to you will include various supplemental schedules as required by the Texas Commission on Environmental Quality. This additional information will be subjected to the auditing procedures applied in our audit of the financial statements, except for that portion marked "unaudited", on which we will express no opinion.

## **Audit Objective**

The objective of our audit is the expression of an opinion as to whether your basic financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America and to report on the fairness of the additional information referred to in the first paragraph when considered in relation to the financial statements taken 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 an opinion. If our opinion on the financial statements is other than unqualified, we will fully 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 an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.



### **Management Responsibilities**

Management is responsible for establishing and maintaining internal controls, including monitoring ongoing activities: for the selection and application of accounting principles; for the fair presentation in the financial statements of the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District and the respective changes in financial position in conformity with accounting principles generally accepted in the United States of America. Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. You are also responsible for management decisions and functions; for designating an individual with suitable skill, knowledge, or experience to oversee our financial statement preparation services and any other nonattest services we provide; and for evaluating the adequacy and results of those services and accepting responsibility for them. Nonattest services to be provided include the preparation of the financial statements, preparation of the appropriate capital asset schedules including calculation of depreciation on the capital assets and preparation of the journal entries to convert the fund financial statements to the government-wide financial statements as required by generally accepted accounting principles.

Management is responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. Management is responsible for adjusting the financial statements to correct material misstatements and for confirming to us in the 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.

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 or illegal acts affecting the District involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts 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. With regard to using the auditor's report, you understand that you must obtain our 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. 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.

Because an audit is designed to provide reasonable, but not absolute assurance, 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. 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 and any fraudulent financial reporting or misappropriation of assets that come to our attention, unless clearly inconsequential. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditor 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 tests of the physical existence of inventories, and direct confirmation of receivables and certain other 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 also 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 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 applicable laws and regulations and the provisions of 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.

### **Audit Administration, Fees and Other**

We are aware of the State statute requiring the audit be completed within one hundred and twenty (120) days and filed with the Texas Commission on Environmental Quality within one hundred and thirty-five (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 (3) 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 (5) year anniversary of the audit report in question.

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. An interim bill will be rendered for payment at the time of presentation of a draft audit for approval by the Board of Directors and is due upon presentation. The following is an estimate of our fees for the audit included in this engagement letter.

- Audit of the District's financial statements as of and for the year ended December 31, 2008 to range between \$8,000 and \$10,000

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 and to reimburse us for all out-of-pocket costs 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 & Company, PLLC*

McCall, Gibson & Company, PLLC  
Certified Public Accountants

This letter correctly sets forth the understanding of Harris County Improvement District No. 6.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

Engagement Letter





**Davis, Kinard & Co., P.C.**  
Certified Public Accountants

First Financial Bank Building  
400 Pine Street, Suite 600  
Abilene, Texas 79601-5138  
Office (325) 672-4000  
FAX (325) 672-7049  
1-800-588-2525

July 23, 2008

To the Partners  
**McCall, Gibson & Company, PLLC**

We have reviewed the system of quality control for the accounting and auditing practice of **McCall, Gibson & Company, PLLC** (the firm) in effect for the year ended January 31, 2008. A system of quality control encompasses the firm's organizational structure, the policies adopted and procedures established to provide it with reasonable assurance of conforming with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of CPAs (AICPA). The firm is responsible for designing a system of quality control and complying with it to provide the firm reasonable assurance of conforming with 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 with its system of quality control based on our review.

Our review was conducted in accordance with standards established by the Peer Review Board of the AICPA. During our review, we read required representations from the firm, interviewed firm personnel and obtained an understanding of the nature of the firm's accounting and auditing practice, and the design of the firm's system of quality control sufficient to assess the risks implicit in its practice. Based on our assessments, we selected engagements and administrative files to test for conformity with professional standards and compliance with the firm's system of quality control. The engagements selected represented a reasonable cross-section of the firm's accounting and auditing practice with emphasis on higher-risk engagements. The engagements selected included, among others, engagements performed under *Government Auditing Standards*. Prior to concluding the review, we reassessed the adequacy of the scope of the peer review procedures and met with firm management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion.

In performing our review, we obtained an understanding of the system of quality control for the firm's accounting and auditing practice. In addition, we tested compliance with the firm's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the firm's policies and procedures on selected engagements. Our review was based on selected tests; therefore it would not necessarily detect all weaknesses in the system of quality control or all instances of noncompliance with it. There are inherent limitations in the effectiveness of any system of quality control and therefore noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control for the accounting and auditing practice of **McCall, Gibson & Company, PLLC** in effect for the year ended January 31, 2008 has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA and was complied with during the year then ended to provide the firm with reasonable assurance of conforming with professional standards.

As is customary in a system review, we have issued a letter under this date that sets forth comments that were not considered to be of sufficient significance to affect the opinion expressed in this report.

*Davis, Kinard & Co, P.C.*

DAVIS, KINARD & CO., P.C.





**Davis, Kinard & Co., P.C.**  
Certified Public Accountants

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Abilene, Texas 79601-5138  
Office (325) 672-4000  
FAX (325) 672-7049  
1-800-588-2525

July 23, 2008

To the Partners

**McCall, Gibson & Company, PLLC**

We have reviewed the system of quality control for the accounting and auditing practice of **McCall, Gibson & Company, PLLC** (the firm) in effect for the year ended January 31, 2008, and have issued our report thereon dated July 23, 2008. That report should be read in conjunction with the comments in this letter, which were considered in determining our opinion. The matters described below were not considered to be of sufficient significance to affect the opinion expressed in that report.

**Comment** – The firm's policies and procedures require that the firm perform annual inspection procedures to enable the firm to assess conformity with all applicable professional standards and the firm's compliance with its quality control policies and procedures. During our review, we noted that firm performed only one inspection since the last peer review. If inspection procedures had been performed each year, departures from professional standards noted during our review may have been identified and corrected. A similar finding was noted in the firm's previous review.

**Recommendation** – The firm should comply with its quality control policies and procedures regarding inspection, and a designated member of the firm should monitor the firm's compliance with its monitoring policies and procedures by ensuring that inspections are performed on a regular basis.

**Comment** – The firm's quality control policies and procedures identify areas and specialized situations where consultation is appropriate. Our review disclosed instances where consultation with professional standards and the firm's practice aids should have taken place, but did not. As a result, we noted instances where audit reports of entities subject to *Government Auditing Standards* and engagement letters did not contain all of the elements required by professional standards. The missing elements from the reports were not deemed to be of such significance as to mislead the users. We also noted an instance of inadequate documentation of risk assessment at various levels and the related linkage to planned audit procedures. Based on our review, we were able to satisfy ourselves that the firm's procedures were linked to their risk assessment, but documentation of this was lacking. A similar finding was noted in the firm's previous review.

**Recommendation** – Firm personnel should consult professional literature or third party practice aids to ensure that all required elements of auditor's reports and communications with clients are included. The firm should also utilize its third party practice aids to assist them in documenting the linkage of risk assessment at various levels to planned audit procedures. This matter should also be emphasized as a part of the firm's monitoring procedures.

*Davis, Kinard & Co., P.C.*

**DAVIS, KINARD & CO., P.C.**

**McCALL, GIBSON & COMPANY, PLLC**  
*Certified Public Accountants*

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November 3, 2008

Peer Review Program  
Texas Society of CPAs  
14651 Dallas Parkway, Suite 700  
Dallas, TX 75254-7408

Ladies and Gentlemen:

This letter represents our firm's response to the letter of comments issued in connection with our system peer review for the year ended January 31, 2008. The matters discussed in this letter will be monitored to ensure they are effectively implemented as a part of our system of quality control.

*Monitoring* – The firm will comply with its quality control policies and procedures regarding inspection. A designated partner of the firm will monitor the firm's compliance with its monitoring policies and procedures by ensuring that inspections are performed each year.

*Consultation* – The firm will consult professional literature or third party practice aids to ensure that all required elements of auditor's reports and communications with clients are included. The firm is already in the process of utilizing third party practice aids to assist us in linking audit risk assessments to planned audit procedures. The firm will also emphasize the importance of consulting third party practice aids to professional personnel during a firm-wide meeting scheduled in August 2008.

We believe these actions are responsive to the findings of the review.

Sincerely,

*McCall, Gibson & Company, PLLC*

McCall, Gibson & Company, PLLC



**AICPA Peer Review Program  
and TSCPA Peer Review Program**  
Administered by the Texas Society of CPAs

AICPA



January 20, 2009

JAN 26 2009

Michael M McCall, CPA  
McCall, Gibson & Company, PLLC  
13831 NW Frwy Suite 610  
Houston, TX 77040

Dear Mr. McCall:

On January 19, 2009 the Texas Society of CPAs 2008-09 Peer Review Committee accepted the report on the most recent system peer review of your firm and your firm's response thereto.

The Committee accepted the aforementioned documents with the understanding that the firm will:

- Ensure that all professional staff in your firm who work on auditing and accounting engagements participate in at least 8 hours of continuing professional education in Audit Update, including documentation issues by July 31, 2009. Please send a letter to the Committee detailing the courses taken by each individual, along with proof of attendance at the courses.
- Submit a copy of its next monitoring report and documentation to an outside party for review by no later than May 31, 2009. The monitoring report should describe the scope of the monitoring procedures, the findings, and the corrective actions taken or to be taken on the findings noted. The outside party should report on the results of the review to the Committee within 45 days of receiving the monitoring report from your firm. This review will be performed at your firm's expense.

Your firm's agreement to take this action voluntarily demonstrates its commitment to the objectives of the profession's practice-monitoring programs. Please acknowledge that agreement by returning a signed copy of this letter to us at the address noted on this letterhead.

If you have any questions about the above action(s), please feel free to call the Texas Society of CPAs staff at 800/428-0272.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jerry L. Cross".

Jerry L. Cross, CPA  
Director, Peer Review

cc: Lucretia D Terrell, CPA

Firm Number: 1079674

Review Number: 263884

Acknowledged for the Firm:

Signature: A handwritten signature in cursive script, appearing to read "Michael M. McCall".

Date: 1/26/09

TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY



THE INDIVIDUAL OR FIRM OFFICE IDENTIFIED BELOW IS LICENSED TO PRACTICE  
PUBLIC ACCOUNTANCY IN TEXAS.

IDENTIFICATION NO.	EXPIRES ON	FORM NO.
C04426-001 (V08414)	4/30/2009	08043235

MCCALL, GIBSON & COMPANY, PLLC  
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HOUSTON TX 77040-5216

TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY



THE INDIVIDUAL OR FIRM OFFICE IDENTIFIED BELOW IS LICENSED TO PRACTICE  
PUBLIC ACCOUNTANCY IN TEXAS.

IDENTIFICATION NO.	EXPIRES ON	FORM NO.
C04426-002 (W06524)	4/30/2009	09004114

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