

**MINUTES OF THE MEETING OF THE
MONTROSE MANAGEMENT DISTRICT
BOARD OF DIRECTORS**

September 12, 2016

DETERMINE QUORUM; CALL TO ORDER.

The Board of Directors of the Montrose Management District held a regular meeting, open to the public, on Monday, September 12, 2016, at 12:00 p.m. at St. Thomas University, 3800 Montrose Blvd., Malloy Hall, Carol Tatkon Boardroom, Houston, Texas 77006, inside the boundaries of the District, and the roll was called of the duly appointed members of the Board, to-wit:

Position 1 -	Claude Wynn, <i>Chairman</i>	Position 9 -	Kathy Hubbard, <i>Treasurer</i>
Position 2 -	Tammi Wallace	Position 10 -	Michael Grover
Position 3 -	Randy Mitchmore, <i>Vice Chairman</i>	Position 11 -	Ellyn Wulfe
Position 4 -	Justin Singer	Position 12 -	Brad Nagar, <i>Asst. Secretary</i>
Position 5 -	Lane Llewellyn, <i>Secretary</i>	Position 13 -	vacant
Position 6 -	Robert Jara	Position 14 -	Todd Edwards
Position 7 -	Ryan Haley	Position 15 -	vacant
Position 8 -	Stephen L. Madden		

and all were present, with the exception of Directors Wallace, Haley, Wulfe, Nagar and Edwards, thus constituting a quorum. Also present were David Hawes, Josh Hawes, Linda Clayton, Gretchen Larson, Tony Allender and Kristen Gonzales, all with Hawes Hill Calderon, LLP; Clark Lord, Bracewell LLP; Caryn Adams, Municipal Accounts; Pat Hall, Equi-Tax; Ray Lawrence, Lawrence & Associates; and Dennis Beedon, Montrose Business Ambassador. Others attending the meeting were Tim Austin, Allen Boone Humphries Robinson LLP; Officer Victor Beserra and Officer Laureano, both of Montrose HPD; Tawny Tidwell, Montrose MD social medial strategist; Eoles Whitaker, Office of State Representative Garnet Coleman; Travis Triola, Kudela & Weinheimer; Hina Musa, Houston Southeast; Whitney Radley and Jennifer Evans, both of CKP Group; Garry Freeman, Fix Coffeobar; Daphne Scarbrough, Richmond Avenue Coalition; Jim Bartley; Dan Piette; and Geary Ashby, resident. Chairman Wynn called the meeting to order at 12:06 p.m.

RECEIVE PUBLIC COMMENTS.

Garry Freeman reported he had opened a new business, Fix Coffeobar at 415 Westheimer, that serves nitro coffee. Public comments were received from Daphne Scarbrough, Jim Bartley and Geary Ashby regarding the petitions for dissolution. Dan Piette discussed funds being spent by the District on the bridges, branding and landscaping.

APPROVE MINUTES OF REGULAR MEETING HELD AUGUST 8, 2016.

Upon a motion duly made by Director Llewellyn, and being seconded by Director Grover, the Board voted unanimously to approve the Minutes of the August 8, 2016, Board meeting, as presented.

ACCEPT OATH OF OFFICE, SWORN STATEMENT AND BOND FOR NEWLY APPOINTED BOARD MEMBER, JUSTIN SINGER.

Upon a motion duly made by Director Mitchmore, and being seconded by Director Llewellyn, the Board voted unanimously to accept the Oath of Office, Sworn Statement and Bond for newly appointed board member, Justin Singer.

RECEIVE UPDATE FROM PUBLIC SAFETY COMMITTEE.

Officer Beserra presented the Patrol Summary Report for August, 2016, included in the Board agenda materials, and answered questions. No action from the Board was required.

RECEIVE UPDATE AND RECOMMENDATIONS FROM MOBILITY AND VISUAL IMPROVEMENTS COMMITTEE.

Mr. J. Hawes reported the Mobility and Visual Improvements Committee met this morning. He reported construction on the bridges starts at the end of month and painting started today. He stated irrigation on the esplanades is being installed on September 19 and the District is receiving large live oaks from Uptown to go on the east side to replace the China Tallows. Mr. Allender provided an update on the Special Parking Application. He reported staff is working on design standards for mini-cell towers, including aesthetic requirements. He stated at the next meeting the design standards would be presented to the Board for consideration, including installation of 6 new poles in the District. Mr. D. Hawes reported the City is agreement with the installation of the mini-cell towers and has requested the Districts to provide input on design of the poles/towers.

a. Approve change orders 1 & 2 with NEC Signs for ID Markers.

Mr. J. Hawes reviewed Change Order Nos. 1 and 2 for the identification markers, included in the Board agenda materials, and answered questions. Upon a motion duly made by Director Llewellyn, and being seconded by Director Madden, the Board voted unanimously to approve Change Order No. 1 and 2 from NEC Signs, as presented.

RECEIVE UPDATE AND RECOMMENDATIONS FROM FINANCE COMMITTEE.

a. Receive Assessment Collection Report.

Ms. Hall presented the Assessment Collection Report, included in the Board agenda materials. She reported a 98% collection rate on the 2015 assessments with no uncertified values. She reported the certified values for 2016 were approximately \$1,718,000,000 for the east and west zone combined. No action from the Board was required.

b. Receive and consider monthly financial report and approve invoices for payment.

Ms. Adams presented the monthly financial report and went over invoices, included in the Board agenda materials. She stated she was presenting for consideration check no. 5687, payable to Landscape Art, for pay application no. 1 in the amount of \$23,826.38, which was not included in the report. Chairman Wynn reported the Finance Committee has reviewed the report and invoices and is recommending for approval. Upon a motion duly made by Director Llewellyn, and being seconded by Director Mitchmore, the Board voted unanimously to accept the Bookkeeper's Report and approved invoices for payment, as presented, and approved payment of pay application no. 1 from Landscape Art in the amount of \$23,826.38, check no. 5687.

AUTHORIZE EXECUTIVE DIRECTOR TO SET DATE, TIME AND PLACE FOR HEARING ON SUPPLEMENTAL ASSESSMENT ROLL.

Upon a motion duly made by Director Mitchmore, and being seconded by Director Hubbard, the Board voted unanimously to authorize the Executive Director to set date, time and place for hearing on supplemental assessment roll.

RECEIVE UPDATE FROM MARKETING AND BUSINESS DEVELOPMENT COMMITTEE.

Ms. Larson reported the Marketing and Business Development Committee quarterly meeting is scheduled for September 28. She reported the August 2016 Monthly PR and Marketing Report is included in the Board agenda materials for review. She stated the Business Ambassador made 49 visits during August and has passed out flyers to businesses around the esplanades being enhanced regarding the beautification project. She reported social media numbers continue to grow. She reported the next Recycling event is scheduled for October 15 at the Walgreens located at 3317 Montrose. No action from the Board was required.

RECEIVE UPDATE FROM BUSINESS AND ECONOMIC DEVELOPMENT COMMITTEE.

Mr. Lawrence reported the Committee met on August 24, a copy of the Committee Minutes is included in the Board agenda materials. He provided an update for the Fall Real Estate Forum Luncheon scheduled November 16. He reported a new economic development brochure is being drafted and is approximately 68% completed. No action from the Board was required.

RECEIVE EXECUTIVE DIRECTOR'S MONTHLY REPORT.

The Executive Director's Report is included in the Board agenda materials for review.

CONSIDER RESOLUTION DENYING PETITION TO DISSOLVE THE MONTROSE MANAGEMENT DISTRICT.

Mr. Lord stated the District hired a third party law firm to review the petitions for dissolution. He introduced Tim Austin of Allen Boone Humphries Robinson LLLP. Mr. Austin distributed a Memorandum providing a summary review on the petition for dissolution, a copy is attached as Exhibit A. He stated this

is a preliminary report which provides criteria used for the evaluation of the petitions for dissolution and his findings. He provided an overview of the legal requirements and answered questions. On page 2 of the Memorandum he reviewed the parameters of the evaluation. He stated because of the volume of petitions received in his evaluation he assumed, without knowing, that the signatures were genuine. He stated signatures of corporate officers, limited liability company members or manager and general partners of limited partnerships were assumed to be authorized to sign if they matched the Secretary of State database. He further reported because there is not a database for general partnerships, joint ventures, estates and trusts the assumption was that the petitions were properly executed if the entity matched the Harris County Appraisal District data and if the signer purports to be a partner, venture, executor or trustee. He further stated he contacted the attorney who submitted the petitions and never received a call back. He then prepared a letter to the attorney and never received a response. He stated the District received Xerox copies and never received the original petitions. He stated although the District never received the original petitions, assumptions were made that the original petitions existed and he treated the copies of the petitions for dissolution as they were originals. He further stated he assumed that every signature was valid when a computer database was not available for validity of the person signing. He provided an overview of the results from the review of the petitions for dissolution. He stated based on the assumptions, his firm found that the District's total square footage per HCAD was 16,244,986 square feet. He found that valid petitions based on his assumptions represented 8,800,738 square feet which comprised of 54.1751%. He stated his firm found that the petition for dissolution is insufficient based on the fact it did not meet the legal requirement of 75 percent or more surface area of the District and comprised only of 54.1751%. Mr. Lord distributed a Resolution Denying Petition to Dissolve the Montrose Management District, a copy is attached as Exhibit B. After full discussion by the Board, and upon a motion duly made by Director Llewellyn, and being seconded by Director Madden, the Board voted unanimously that it found the petition for dissolution did not meet the legal requirement of 75% or more of the surface area of the District and voted to approve the Resolution Denying Petition to Dissolve the Montrose Management District, as presented.

CONVENE IN EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE, TO CONDUCT A PRIVATE CONSULTATION WITH ATTORNEY TO DISCUSS LITIGATION, AND MATTERS RELATED TO THE SAME.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION BY LEGAL COUNSEL RELATED TO EXECUTIVE SESSION.

An executive session was not called.

ANNOUNCEMENTS.

There were no announcements.

ADJOURN.

There being no further business to come before the Board, Chairman Wynn adjourned the meeting at 1:07 p.m.

(Seal)



[Handwritten Signature]
Secretary CHAIR CLAUDE WYNN

List of Exhibits:

- A. Memorandum from ABHR re: Petitions for Dissolution, dated September 12, 2016
- B. Resolution Denying Petition to Dissolve the Montrose Management District

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abhr.com**MEMORANDUM**

TO: Board of Directors
Montrose Management District

FROM: Timothy Austin

DATE: September 12, 2016

RE: Petitions for dissolution

This Firm was engaged by the Board of Directors of the Montrose Management District (the "District") to evaluate the sufficiency of the petitions submitted by various property owners relating to the dissolution of the District. This memorandum provides a summary of our review, and will provide the criteria used for the evaluation.

Legal requirements. Section 375.262, Texas Local Government Code, provides as follows:

Sec. 375.262. DISSOLUTION BY PETITION BY OWNERS. Except as limited by Section 375.264, the board shall dissolve the district on written petition filed with the board by the owners of:

(1) 75 percent or more of the assessed value of the property in the district based on the most recent certified county property tax rolls; or

(2) 75 percent or more of the surface area of the district, excluding roads, streets, highways, utility rights-of-way, other public areas, and other property exempt from assessment under Sections 375.161, 375.163, and 375.164, according to the most recent certified county property tax rolls.

The petitioners purport to provide petitions from eligible property owners pursuant to subsection (2), relating to the 75 percent of the surface area of the District.

Documents provided. We were provided photocopies of petitions, along with printouts of Harris County Appraisal District Real Property Account Information for each petition. It is our understanding that the District did not receive the original petitions.

Parameters of the evaluation. In our evaluation, we reviewed the HCAD data available on-line for each petition. For any petition of a Texas corporation, limited liability company, or limited partnership, we reviewed the available on-line information provided by the Texas Secretary of State to compare signers with the officers shown as authorized to act on behalf of the business entity. We did not speak to signers to determine if the petitions were in fact signed by them.

Therefore, petitions that match the owners as provided by HCAD were counted as valid for this purpose on the following bases:

1. Corporations – if signed by an officer listed on the Secretary of State’s database.
2. Limited partnerships – if signed by a general or managing partner listed on the Secretary of State’s database.
3. Limited liability companies – if signed by a member or manager listed on the Secretary of State’s database.

Assumptions. Because of the volume of the petitions, we assumed, without knowing, that signatures are all genuine. Signatures by corporate officers, limited liability company members or managers, and general partners of limited partnerships were assumed to be authorized if they matched the Secretary of State database. Because there is no database for general partnerships, joint ventures, estates, and trusts similar to that available for other entities at the Secretary of State, we assumed that those were properly executed if the entity matches the HCAD data, and the signer purports to be a partner, venturer, executor, or trustee, as applicable.

By letter to the petitioners’ attorney, we requested any supporting resolutions, powers of attorney, or other documentation of authority that would allow validation of a petition other than what is available from the above-described sources. We also requested the original petitions, which have never been submitted to the District. No reply has been received.

Results. Based on the above-described assumptions, we found that:

Total Square footage per HCAD	16, 244,986 square feet
Square footage represented by valid petitions	8,800,738 square feet (54.1751%)
Square footage of invalid petitions	7,444.248 square feet (45.8249%)

Conclusions.

1. The District has not received a "written petition filed with the board" pursuant to Sec. 375.262. A copy of a petition is not the same as submission of a petition under the clear language of the statute. The validity of a photocopies signature cannot be properly validated. Written notice to the petitioners' attorney of the requirement that the petition be filed with the board has received no response.
2. Assuming that an original petition were submitted, the petition is insufficient based on the above described assumptions, and do not exceed 55 percent of the area of the District under Sec. 375.262(2).

Because of the above findings, we have not gone to the further steps of interviewing signers of the petitions or attempting to examine documents not in the HCAD or Secretary of State databases. If the Board wishes for that more extensive analysis, please let me know. Thanks very much for the opportunity to serve you.

RESOLUTION DENYING PETITION TO DISSOLVE THE MONTROSE MANAGEMENT DISTRICT

WHEREAS, the Board of Directors (the "Board") of Montrose Management District (the "District") received petitions from eligible property owners purporting to relate to 75 percent of the surface area of the District (the "Petition"), requesting that the Board dissolve the District, pursuant to section 375.262, Subchapter M, Chapter 375 of the Local Government Code (the "Code") and the District's enabling acts, found in Chapters 3843 and 3878, Subtitle C, Title 4, of the Special District Local Laws Code; and

WHEREAS, the Board received individual petitions in favor of dissolution of the District purporting to represent a total square footage per Harris County Appraisal District ("HCAD") in the amount of 16,244,986 square feet; and

WHEREAS, on June 13, 2016, the Board adopted a Resolution Establishing Protocols and Procedures for the Administration of Dissolution Petitions; and

WHEREAS, the Board thereafter undertook to verify the legal authority of the Petition and validate the signature authority of the signers of the Petition in a two-step process. First, the Board ran the signers against the HCAD system. Second, for those petitions whose signers not match the registered business listings in the HCAD system, the Board ran the signers against the Secretary of State registry.

WHEREAS, the total square footage of the Petition per HCAD is 16,244,986, of which 8,800,738 square feet is valid; and

WHEREAS, the total square footage of surface area in the Petition verified to be legally valid constituted 54.1751% of the surface area of the District; and

WHEREAS, the Code and the District's enabling act require that the Board dissolve the District upon receipt of a written petition filed with the Board by the owners of 75 percent or more of the of the surface area of the District, excluding roads, streets, highways, utility rights-of-way, other public areas, and other property exempt from assessment under Sections 375.161, 375.163 and 375.164, based on the most recent certified county property tax rolls; Now, Therefore,

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF MONTROSE MANAGEMENT DISTRICT THAT:

Section 1: The District hereby officially finds and determines that the facts and recitations contained in the recitals to this Resolution are true and correct and such recitals are hereby approved and adopted as a part of this Resolution, including the terms defined therein.

Section 2: The District hereby officially finds and determines that the square footage of surface area represented by the Petition that was received and verified as to legal authority and ownership fail to meet the statutory requirement for dissolution of the District.

Section 3: The District further finds and determines that the Petition is denied and that the District shall remain intact.

Section 4: The District authorizes delivery of this Resolution to the Board of Directors of Montrose Management District on this date.

[Execution Page Follows]

PASSED AND APPROVED this 12th day of September, 2016.

Chairman, Board of Directors

ATTEST:

Secretary, Board of Directors

(SEAL)