

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 119
Minutes of Board of Directors Meeting
July 11, 2011

The Board of Directors ("Board") of Harris County Water Control and Improvement District No. 119 met at 9711 Landry Boulevard, Spring, Harris County, Texas, on July 11, 2011, in accordance with the duly posted notice of meeting, and the roll was called of the duly constituted officers and members of the Board, as follows:

William E. Eckert, President
Andrew R. Phelps, Vice President
John Soileau, Secretary
Robert Williams, Treasurer
William Manning, Asst. Secretary

and all of said members were present, except Director Phelps, thus constituting a quorum.

Also present were Lisa Hernandez of Municipal Accounts & Consulting, L.P. ("MAC"); Troy Bordelon of A&S Engineers, Inc. ("A&S"); Lauren Mateson of Wheeler & Associates, Inc.; David Rowe of Water District Management Co. ("WDM"); David Marks of Marks Richardson PC ("MRPC") and Karen Sears of Acclaim Energy Advisors.

The President called the meeting to order and declared it open for such business as might regularly come before it.

As the first order of business, the Board deferred consideration of comments from members the public, as no one signed up to speak.

The Board next reviewed and considered the approval of the minutes of the meeting held on June 13, 2011. After review and discussion of the minutes presented, Director Williams moved that the minutes of the meeting held on June 13, 2011, be approved. Director Manning seconded said motion, which unanimously carried.

The Board deferred consideration of a proposal for District participation in the RecycleBank Program with Republic Services.

The Board next considered the report on the status of collection of taxes, the status of collection of delinquent tax accounts, and the payment of invoices in connection therewith for the month of June, a copy of which is attached hereto. Ms. Mateson reported that 98.40% of the District's 2010 taxes had been collected through June 30, 2011. She

then presented check nos. 2865 through 2876, inclusive for payment. After discussion of the report submitted, it was moved by Director Soileau, seconded by Director Williams and unanimously carried that said report be approved and that check nos. 2865 through 2876, inclusive, be approved for payment, as identified in said report.

The Board next reviewed the delinquent collections list and there was a discussion regarding the status of District delinquent tax accounts. In connection therewith, Ms. Mateson presented for the Board's review and information a written report dated July 6, 2011, which had been prepared by the District's delinquent tax attorney, Ted A. Cox, P.C., a copy of which is attached hereto.

Ms. Mateson next presented for the Board's review the Harris County Appraisal District 2012 Proposed Budget, a copy of which is attached hereto.

The Board next considered the report on the District's water, sanitary sewer and storm sewer systems for the month of June 2011, a copy of which is attached hereto. In that regard, Mr. Rowe reported that the water accountability percentage for the month is 96.89%, and that the District's facilities had been operating in compliance with their respective permits during the month.

Mr. Rowe next reported that he received an inquiry from Chad Allen at 18115 Melissa Springs relative to late payments received 53 out of 84 bills. Mr. Allen stated that he believes the reason for his late payments is a result of WDM losing his payments. No action was requested by Mr. Allen. Mr. Rowe suggested that Mr. Allen pay his bill in person and get a receipt or use the payment drop box, as it is checked every morning.

Mr. Rowe next presented email correspondence dated June 24, 2011, from Jane Sommer of 17518 Baronshire objecting to the fee charged for payment online. A copy of said email correspondence is attached hereto.

Mr. Rowe next reported that the blending at Water Plant No. 2 is working well and he would like to install an electric control device that will shut down the well if surface water supply interruption occurs. He noted that the device would cost approximately \$2,500. After discussion on the matter, Director Soileau moved that WDM be authorized to install the electric control device at Water Plant No. 2 for a cost of approximately \$2,500. Director Williams seconded said motion, which unanimously carried.

Mr. Rowe next reported relative to the sewage treatment plant: (1) that the left pump should be reinstalled tomorrow at a cost of \$3,200 to repair; (2) the digester decant pump has been ordered at a cost of \$3,200 to replace; (3) and the pipe from the manhole to the lift station needs to be cleaned and televised, along with the lift station cleaning at a cost of approximately \$4,500. After discussion, Director Soileau moved that WDM be authorized to perform the repairs to the sewage treatment plant as detailed above. Director Manning seconded said motion, which unanimously carried.

Mr. Rowe next reported that the portable generator was exercised Friday and that everything checked out.

Mr. Rowe next requested that the Board consider authorizing WDM to turn over three (3) delinquent accounts to Collections Unlimited of Texas ("CUT") for collection, in the total amount of \$273.32 and to write-off one account in the amount of \$8.95. After discussion on the matter, Director Soileau moved that WDM be authorized to turn over the three (3) subject accounts in the total amount of \$273.32 to CUT for collection and to write off one account in the amount of \$8.95, as set out above. Director Manning seconded said motion, which unanimously carried.

The Board next considered the status of the North Harris County Regional Water Authority ("NHCRWA"). In that regard, Mr. Bordelon advised that he had nothing new to report. Mr. Rowe reported that representatives of the NHCRWA inspected Water Plant No. 1 during the month.

The Board next considered authorizing the design, advertisement for bids and/or award of construction contracts. In that regard, Mr. Bordelon presented a report relative to same, a copy of which is attached hereto.

The Board next considered the status of request to the TCEQ for waiver of an elevated storage facility, status of the hydrology study and enforcement action and approval of Agreed Order. In connection therewith, Mr. Bordelon advised that the application is pending at the TCEQ.

The Board next deferred the approval of a Conveyance of Utility Facilities relative to the sanitary sewer line extensions constructed by Statewide to serve the Singh property.

The Board next considered the status of the Application to the TCEQ requesting the use of surplus construction funds relative to reimbursement of funds expended by New Quest for extension of District facilities. In that regard, Mr. Marks advised that the application is pending at the TCEQ.

The Board next deferred the issuance of utility commitments, after noting no requests were made.

The Board next considered the approval of destruction of notes of Board of Directors meetings from February 8, 2010 to February 14, 2011, in accordance with the Records Retention Schedule for General Records. Mr. Marks presented the attached list of records and advised that the time limitations for retention had passed for all records listed, that, to the best of his knowledge and belief, none of the records' subject matter was pertinent to a pending lawsuit, and that there were no open records requests pending with respect to any of the records. After discussion, Director Soileau moved that the destruction of said notes be authorized as requested in accordance with the provisions of the District's Records Management Program and said Schedule. Director Williams seconded said motion, which unanimously carried.

The Board next considered the financial and investment reports and the invoices presented for payment. In connection therewith, Ms. Hernandez distributed to the Board the attached bookkeeping report, investment report, pledged securities report, bills presented for payment and profit and loss statement for the District's fiscal year, prepared by MAC, the District's bookkeeper. After review and discussion of the reports presented, upon motion duly made by Director Manning, seconded by Director Williams, and unanimously carried, the Board approved said reports, and authorized payment on the Operating Account being check nos. 15145, 15147, 15150, 15189 and 15192 through 15238, inclusive, with check no. 15150 being voided, as set out in said report.

The Board next considered the status of maintenance of District property leased to the Homeowners Association ("HOA") in the District. In that regard, Director Williams reported that he spoke with the HOA and they advised him that they have hired a new contractor to maintain the land. Director Williams noted that he advised the HOA that if they don't maintain the land, the District will terminate the lease.

Mr. Marks next presented a memo from the Auditor Working Group, a copy of which is attached hereto. The Board concurred to take no action.

Ms. Sears entered the meeting.

The Board next considered a proposal from Acclaim Energy Advisors ("Acclaim") for completion of forms relative to SECO - Senate Bill 12 reporting. In connection therewith, Ms. Sears addressed the Board and discussed Senate Bill 12 which requires establishment of an energy baseline. She advised that Acclaim prepared and filed reports for the 2009-2010 year, but that the District will need to file reports for the calendar years 2007-2008 and 2011-2012. Ms. Sears advised that Acclaim could prepare the reports for a cost of \$4,500 per year. After further discussion, Ms. Sears stated that she would verify if the District was exempt relative to the under \$200,000 reporting threshold and report back to the Board. The Board concurred to defer the matter until next month.

The Board considered matters for possible placement on future agendas. In that regard, Ms. Sears advised that the District's contract with Acclaim would expire in January 2012 and that the Board should begin the new contract process. The Board concurred.

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

/s/ John Soileau

John Soileau
Secretary

ATTACHMENTS

1. Tax Assessor/Collector Reports
2. Ted Cox Report
3. HCAD 2012 Proposed Budget
4. Operators Report and related correspondence
5. Engineer's Report
6. Records Destruction Request
7. Bookkeeper's Report
8. Auditor Working Group Memo