

**HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 119**  
**Minutes of Board of Directors Meeting**  
**September 13, 2010**

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 September 13, 2010, 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 Soileau, thus constituting a quorum.

Also present were David Rowe of Water District Management Co. ("WDM"); Lisa Hernandez of Municipal Accounts & Consulting, L.P. ("MAC"); Troy Bordelon of A&S Engineers, Inc. ("A&S"); Lauren Matson of Wheeler & Associates, Inc.; Craig Rathmann of Rathmann & Associates, LP; David Aguilar of Republic Waste Services; Mitch Moore; Stephen Burleigh and Robert Meadows, District residents; and David Marks of Marks Richardson PC ("MRPC").

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 considered comments from members the public. In connection therewith, Mr. Burleigh addressed the Board relative to the dangers of chloramines and distributed information to the Board relative to same. He then stated that the District's water seemed to have an "earthy smell" and discussed the odor.

Mr. Meadows next addressed the Board relative to the odor and discoloration of his water being received from the District. He also stated he has noticed an "earth" taste to the water.

The Board next considered a request from Mitch Moore for water, sewer and drainage service to serve a 1 acre commercial tract of land. In connection therewith, Mr. Moore addressed the Board and advised that he owns a building on Old Louetta Road in Louetta Township. He requested service to his property and stated he needs 4

equivalent single family connections. After discussion, the Board concurred that Mr. Bordelon prepare a feasibility study, upon receipt of \$3,000 for the study from Mr. Moore.

The Board next reviewed and considered the approval of the minutes of the meeting held on August 9, 2010. After review and discussion of the minutes presented, Director Manning moved that the minutes of the meeting held on August 9, 2010, be approved as written. Director Williams seconded said motion, which unanimously carried.

The Board next deferred discussion relative to participation in the RecycleBank Program with Republic Services.

The Board next considered the Financial Advisor's recommendation concerning the establishment of the District's 2010 tax rate. In that regard, Mr. Rathmann addressed the Board and advised that last year, the bookkeeper reported an inaccurate fund balance, which resulted in Mr. Rathmann making a lower tax rate recommendation last year than was required. He noted that this year he is recommending that the District levy a 2010 debt service tax rate of \$0.525 per \$100 of valuation and a 2010 maintenance tax rate of \$0.04 per \$100 of valuation for a total tax rate of \$0.565 per \$100 of valuation. Mr. Rathmann further noted that due to the value reductions, the tax bill to the average homeowner will remain unchanged. After discussion on the matter, the Board deferred action on the matter and requested a special meeting be scheduled for September 22, 2010, to discuss and act on same.

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 August, a copy of which is attached hereto. Ms. Matson reported that 98.97% of the District's 2009 taxes had been collected through August 31, 2010. She then presented check nos. 2698 and 2786 through 2792, inclusive, and a wire for payment. After discussion of the report submitted, it was moved by Director Manning, seconded by Director Phelps and unanimously carried that said report be approved and that check nos. 2698 and 2786 through 2792, inclusive, and the wire transfer, 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. Matson presented for the Board's review and information a written report dated September 8, 2010, which had been prepared by the District's delinquent tax attorney, Ted A. Cox, P.C. ("Cox"), a copy of which is attached hereto. After discussion on the matter, Director Manning moved that the Board approve the proof of claim for the Jerry and Rebecca Cope delinquent account and the proof of claim for the Allen Lindsey delinquent account. Director Phelps seconded said motion, which unanimously carried.

The Board next considered the report on the District's water, sanitary sewer and storm sewer systems for the month of August 2010, a copy of which is attached hereto. In that regard, Mr. Rowe reported that the water accountability percentage for the month is 95.2%. He stated that the District's facilities had been operating in compliance with their respective permits during the month.

Mr. Rowe next reported that there is a sink hole at 9619 Birsay, causing the driveway to fail. He stated it is probably due to a tunnel repair done years ago. After discussion, Director Phelps moved that WDM be authorized to repair said sink hole. Director Manning seconded said motion, which carried, with Director Williams being opposed.

The Board next deferred appeals from customers of District charges or policies, after noting no appeals were received.

Mr. Rowe next reported that he received a request from Kirk Broaddus and Edwin Bridge for the District to remove the trees that are dead behind houses. He stated he needs to confirm whether the property belongs to the District or the Harris County Flood Control Ditch. Mr. Bordelon stated he would investigate the ownership of the property. The Board deferred action at this time.

Mr. Rowe next presented a proposal received from Alsay Inc., in the amount of \$7,550, to pull and televise Water Well No. 1. He further noted that hydrotank no. 2 and ground storage tank no. 2 were inspected and are starting to rust again. Mr. Rowe recommended that the hydrotank be re-coated. After discussion, the Board concurred to defer all repairs to allow completion of the system study. The Board requested that Mr. Bordelon contact the NHCRWA to inquire about plans to bring surface water to Water Plant No. 3.

Mr. Rowe next requested that the Board consider authorizing WDM to turn over two (2) delinquent accounts to Collections Unlimited of Texas ("CUT") for collection, in the total amount of \$110.97, and to write off two (2) accounts (under \$25.00) in the total amount of \$35.48. After discussion on the matter, Director Williams moved that WDM be authorized to turn over the two (2) accounts in the total amount of \$110.97 to CUT for collection and to write off the two (2) accounts in the total amount of \$35.48, as set out above. Director Manning seconded said motion, which unanimously carried.

The Board next considered the status of the NHCRWA, including the status of construction of a waterline to Water Plant No. 2 and the use of Water Well No. 2 for blending requirements. In that regard, Mr. Bordelon stated that Water Plant No. 2 is now taking surface water.

The Board next deferred approval of an amendment to the District's Rate Order.

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

The Board next considered the status of the contract with Lopez Utilities Contractor, LLC ("Lopez") for rehabilitation of the sanitary sewer lines. In that regard, Mr. Bordelon stated that the work is substantially complete. He stated that a final inspection will be held on September 16, 2010. He then presented pay application no. 14, in the amount of \$3,749.85, payable to Lopez, and recommended the Board approve same. After discussion on the matter, Director Manning moved that pay application no. 14 in the amount of \$3,749.85, payable to Lopez be approved, as set out above. Director Williams seconded said motion, which unanimously carried.

The Board next considered the status of the contract with T&C Construction ("T&C") for conversion of the chlorination system at the District's three water plants to a chloramine system. In connection therewith, Mr. Bordelon stated that the work is progressing and that a final inspection will be scheduled within the next couple of weeks. He noted that the contractor did not submit a pay estimate for the month.

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. In connection therewith, Mr. Bordelon stated that the hydrolic model is complete and he is gathering the remainder of the required information for submittal, and projected that the application would be submitted in the next couple of weeks.

The Board next considered the engagement of Lloyd Gosselink Rochelle & Townsend, P.C. ("Lloyd"), relative to the TCEQ enforcement action. After discussion on the matter, Director Williams moved that the Board engage Lloyd for work relative to said enforcement action. Director Manning seconded said motion, which unanimously carried.

The Board next considered the status of the investigation of the drainage plans with Klein Independent School District ("KISD"). In that regard, Mr. Bordelon stated that KISD has revised the plans to meet all of his requirements. He then recommended that the Board grant the requested easement to KISD. After discussion on the matter, Director Phelps moved that the District grant said easement to KISD, subject to final review of the plans by A&S and receipt of payment of \$5,000 for the easement from KISD. Director Williams seconded said motion, which unanimously carried.

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

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 Phelps, seconded by Director Manning, and unanimously carried, the Board approved said reports, and authorized payment on the Operating Account being check nos. 14721 and 14762 through 14813, inclusive, with check nos. 14721 and 14765 being voided, a wire transfer, on the Capital Projects Account being check nos. 5545 through 5547,

and two (2) wire transfers, and an October 1, 2010 debt service payment, as set out in said report.

Ms. Hernandez next presented and reviewed with the Board a Quarterly Investment Report which had been prepared by MAC, relative to the District's Debt Service Fund, Construction Fund and Operating Fund for the reporting period May 1, 2010, through July 31, 2010, a copy of which is attached hereto. After review of the Quarterly Investment Report and upon motion duly made by Director Phelps, seconded by Director Manning and unanimously carried, said Quarterly Investment Report was approved and the District's Investment Officer was authorized to execute same on behalf of the Board and District.

The Board next considered authorizing the preparation of an unclaimed property report as of June 30, 2007, and the filing of same with the State Comptroller prior to November 1, 2010. Mr. Marks stated that the District's operator and tax assessor collector reported that there were no unclaimed fees, funds, etc. for the period in question, but the District's bookkeeper reported that there were unclaimed funds for the reporting period. After discussion on the matter, Director Manning moved that MA&C be authorized to prepare an unclaimed property report, and file same with the State Comptroller prior to November 1, 2010. Director Phelps seconded said motion, which unanimously carried.

Mr. Rowe next reported on correspondence received from the NHCRWA relative to implementation procedures for aggregate permit and water reporting, a copy of which is attached hereto. He noted that WDM is doing all things required in connection with same.

Mr. Rowe next reported on correspondence received from the TCEQ relative to a Notice of Coliform violation, a copy of which is attached hereto. He stated that the notice indicated positive bacteria samples, but does not know the cause. Mr. Rowe noted that he will try and get the samples invalidated by the Sate. He further reported that WDM has thirty (30) days to do publication if can't get the samples invalidated.

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

/s/ William Manning

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William Manning  
Assistant Secretary

## ATTACHMENTS

1. Tax Rate Recommendation;
2. Tax Assessor/Collector Reports;
3. Ted Cox Report;
4. Operators Report and correspondence;
5. Engineering Report and correspondence;
6. Bookkeeper's Report;
7. Quarterly Investment Report;
8. NHCRWA Correspondence; and
9. TCEQ Correspondence.