

**HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 119**  
**Minutes of Board of Directors Meeting**  
**February 9, 2009**

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 February 9, 2009, 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, Director

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

Also present were David Rowe of Water District Management Co. ("WDM"); Teresa Rosenbaum of Municipal Accounts & Consulting, L.P. ("MAC"); Robin Humphrey of Wheeler & Associates, LP; Troy Bordelon of A&S Engineers, Inc. ("A&S"); John Montgomery of New Quest Properties; and David Marks of David M. Marks, P.C.

In absence of the President, the Vice 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 wished to speak.

The Board next reviewed and considered the approval of the minutes of the meeting held on January 12, 2009. After review and discussion of the minutes presented, Director Phelps moved that the minutes of the meeting held on January 12, 2009, be approved as written. Director Manning seconded said motion, which unanimously carried.

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 January, a copy of which is attached hereto. Ms. Humphrey reported that 83.34% of the District's 2008 taxes had been collected through January 31, 2009. She then presented check nos. 2597 through 2599, inclusive, for payment and two (2) wire transfers. After

discussion of the report submitted, it was moved by Director Soileau, seconded by Director Phelps and unanimously carried that said report be approved and that check nos. 2597 through 2599, inclusive, and the two (2) wire transfers, 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, Mr. Marks presented for the Board's review and information a written report dated February 5, 2009, which had been prepared by the District's delinquent tax attorney, Ted A. Cox, P.C., a copy of which is attached hereto.

Mr. Marks next outlined for the Board the various tax exemptions available for the District, including the exemptions provided for by Article VIII, Section 1-b of the Texas Constitution, and Sections 11.13 and 11.184 of the Property Tax Code. After discussion on the matter, Director Phelps moved that the District (a) not grant any residential homestead exemption, (b) grant an exemption in the amount of \$10,000 for persons under such a disability or sixty-five years of age or older, and (c) not grant the exemption for qualified charitable organizations from ad valorem taxes levied by the District during the calendar year 2009, and that the attached Resolution relative to same be approved and adopted by the Board and District. Director Soileau seconded said motion, which carried unanimously.

The Board next considered the report on the District's water, sanitary sewer and storm sewer systems for the month of January 2009, a copy of which is attached hereto. In that regard, Mr. Rowe reported that the water accountability percentage for the month is 96.12%. He stated that the District's facilities had been operating in compliance with their respective permits during the month.

Mr. Rowe next advised that during the month, there was a bypass at the sewage treatment plant due to an operator error. He stated that one week later, a second bypass occurred due to a sludge hauler error. Mr. Rowe noted that in both instances, the sewage was cleaned and a report was filed.

Mr. Rowe next recommended changing back to liquid hauling, as the belt press keeps causing problems. Mr. Bordelon recommended trying wedgewire boxes. After discussion, the Board concurred that WDM set up a trial using same, and requested that WDM wet haul during the meantime.

Mr. Rowe next reported relative to the status of repairs at the sewage treatment plant building caused by Hurricane Ike. In that regard, he stated that the blower room sheetrock has been repaired.

Mr. Rowe next requested that the Board consider authorizing WDM to turn over nine (9) delinquent accounts to NCO Financial Systems ("NCO") for collection, in the total amount of \$883.98. After discussion on the matter, Director Phelps moved that WDM be authorized to turn over the nine (9) accounts in the total amount of \$883.98 to NCO for collection. Director Manning seconded said motion, which unanimously carried.

Mr. Rowe next advised that WDM received one (1) water quality call during the month.

Mr. Rowe next reported that he received the Water Plant No. 3 water analysis from June. In connection therewith, Mr. Rowe stated that the local lab reported Fluoride levels at 1.3 milligrams per liter; however, the state lab reported Fluoride levels at 2.39 milligrams per liter. Mr. Rowe noted that said information will need to be incorporated into the Consumer Confidence Report.

Mr. Rowe next advised that he forwarded the Consumer Confidence Report information to Harris County Municipal Utility District No. 367.

The Board next considered the status of reimbursement from the Federal Emergency Management Agency ("FEMA") for expenses incurred relative to Hurricane Ike. In connection therewith, Mr. Rowe stated that he had nothing new to report.

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 advised that he has not yet received comments relative to the plans. He stated that he has discussed Water Plant No. 1 with Mr. Rolan and noted that the NHCRWA may be interested in purchasing Water Well No. 1

The Board next considered the Financial Advisor's report relative to developer qualification for reimbursement. In that regard, Mr. Marks advised that he pulled the Harris County Appraisal District records for New Quest Properties and noted that the appraised value is considerably less than

previously reported by Mr. Alvis. Mr. Marks further reported that the left a message with Mr. Alvis requesting additional information from New Quest Properties and has not heard back from Mr. Alvis. The Board deferred further consideration of the matter.

Mr. Montgomery exited the meeting at this time.

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. In connection therewith, the Board deferred the approval of plans and specifications and authorization of advertisement for bids to convert the chlorination system at the District's three water plants to a chloramine system, after Mr. Bordelon noted that A&S has addressed the TCEQ's comments and resubmitted the design for approval, but had not yet received plan approval.

The Board next considered the review of bids and concurrence in an award of a contract for rehabilitation of the sanitary sewer lines. In that regard, Mr. Bordelon advised that the pre-bid conference was held on February 6, 2009, and the bid opening will be held on February 13, 2009.

The Board next considered authorizing the preparation of plans and specifications for installation of additional diesel tanks for auxiliary power and installation of auxiliary power at the lift stations. In that regard, Mr. Bordelon presented a memorandum from Shrader Engineering Company relative to the costs of construction.

The Board next deferred the approval of plans and specifications relative to water and sanitary sewer extensions to serve the Singh property located on the north side of Spring Cypress, after Mr. Bordelon noted that A&S has not yet received any plans or specifications regarding the project.

The Board next considered authorizing the preparation of plans and specifications for modifications to Water Plant No. 2 to enable blending with surface water. In that regard, Mr. Bordelon advised that A&S is in the process of scheduling a meeting with WDM relative to options and costs.

Mr. Bordelon next reported that Mr. Skipton has requested taps for his development; however, he has not provided the required information relative to same.

The Board next considered annual review of the Resolution Adopting Prevailing Wage Rate Scale for Construction Projects and considered authorizing a survey of wages. In that regard, Mr. Marks advised that no changes are required to the Resolution. After discussion, Director Williams moved to make no changes to said Resolution. Director Soileau seconded said motion, which carried unanimously.

The Board next deferred consideration of approval of an Out of District Service Contract with Klein Independent School District for service to a 125 acre tract.

The Board next deferred the approval of a Maintenance Agreement relative to a private lift station to serve the Singh property on the north side of Spring Cypress.

The Board next considered approval of an updated Order Regulating the Introduction of Wastewater into the Sanitary Sewer System of the District. After discussion, Director Soileau moved that said Order be approved. Director Williams seconded said motion, which carried unanimously.

The Board next considered the approval of a proposal to the Harris County Flood Control District ("HCFCD") and Commissioner Eversole offering a lump sum payment for the remaining facility repairs in exchange for final acceptance by HCFCD. After discussion, Director Soileau moved that said proposal be approved and forwarded to the HCFCD and Commissioner Eversole. Director Williams seconded said motion, which carried unanimously.

The Board next deferred the status of acceptance of the Memorial Creek Estates, Section 4 Detention Pond by HCFCD.

The Board next deferred the status of acceptance of the Memorial Creek Estates, Section 1 Detention Pond by HCFCD.

The Board next deferred the status of acceptance of 5 sections of conveyances and detention facilities in Memorial Springs by HCFCD.

The Board next deferred the approval of a Special Warranty Deed from MSII Development, Ltd. relative to the Memorial Springs, Section 8 drainage ditch.

The Board next deferred the approval of a Correction Dedication of Flood Control and Drainage Easement relative to the Memorial Springs Detention Ponds and Drainage Ditches.

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 deferred a report regarding the status of development of property within the District.

The Board next considered the status of the web site design and operation of the District's website. In connection therewith, Mr. Rowe advised that the design is progressing.

The Board next considered the status of implementation of energy efficiency programs. In connection therewith, the Board discussed a proposal relative to same and deferred consideration of the matter at this time.

The Board next considered the financial and investment reports and the invoices presented for payment. In connection therewith, Ms. Rosenbaum 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 Soileau, seconded by Director Williams, and unanimously carried, the Board approved said reports, and authorized payment on the Operating Account being check nos. 13845 through 13893, inclusive, with check nos. 13854 and 13860 being voided, and on the Capital Projects Account being check nos. 5496 through 5502, as set out in said report.

The Board next considered discussions relative to the purchase of park land, preparation of a park plan and authorizing the sale of park bonds. In connection therewith, Director Williams reported that he met with the President of the Homeowners Association and noted that the President expressed his support for the District to clear out the land for a public park. After discussion, the Board concurred that the District would propose that the Homeowner's Association convey the land to the District for construction of a public park and that the District be responsible for development work relative to same. Director Williams noted that he will further discuss the matter with the President of the Homeowners Association.

The Board next discussed the renewal of the District's insurance coverage for the term expiring March 31, 2009. In that regard, the Board reviewed proposals received from Anco, HighPoint and AquaSurance. After discussion, the Board deferred consideration on the matter until the next meeting.

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

/s/ John Soileau

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John Soileau  
Secretary

## ATTACHMENTS

1. Tax Assessor/Collector Reports;
2. Ted Cox Report;
3. Resolution Concerning Exemptions from Taxation;
4. Operators Report, including correspondence;
5. Engineering Report, including correspondence; and
6. Bookkeeper's Report.