

**HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 119**  
**Minutes of Board of Directors Meeting**  
**June 8, 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 June 8, 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, 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"); Yvonne Leuvano of Wheeler & Associates, Inc. and David Marks of David M. Marks, P.C.

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 wished to speak.

The Board next reviewed and considered the approval of the minutes of the meeting held on May 11, 2009. After review and discussion of the minutes presented, Director Williams moved that the minutes of the meeting held on May 11, 2009, be approved as written. Director Soileau 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 May, a copy of which is attached hereto. Ms. Leuvano reported that 97.08% of the District's 2008 taxes had been collected through May 31, 2009. She then presented check nos. 2626 through 2639, inclusive, for payment and a wire transfer. 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. 2626 through 2639, 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, Mr. Marks presented for the Board's review and information a written report, which had been prepared by the District's delinquent tax attorney, Ted A. Cox, P.C. ("Cox").

The next item considered by the Board was authorizing Cox to proceed with the collection of 2008 delinquent taxes, including the filing of lawsuits. After discussion on the matter, Director Manning moved that Cox be authorized to proceed with the collection of the District's 2008 and prior years delinquent tax accounts on July 1, 2009, including filing of lawsuits as necessary. Director Soileau seconded said motion, which unanimously carried.

The Board next considered authorizing the preparation of an Unclaimed Property Report as of June 30, 2006, and the filing of same with the State Comptroller prior to November 1, 2009. After discussion on the matter, Director Soileau moved that the District's consultants be authorized to prepare an Unclaimed Property Report, if necessary and that DMM file same with the State Comptroller prior to November 1, 2009. Director Phelps seconded said motion, which unanimously carried.

Mr. Marks next discussed for the Board's information and approval a Voting System Annual Filing Form ("Form") from the Secretary of State's Office. He advised that pursuant to Section 123.061 of the Texas Election Code, each political subdivision in the State of Texas is required to complete and file said Form with the Secretary of State's Office. After discussion on the Form, Director Soileau moved that same be approved and that DMM be authorized to file same with the Secretary of State's Office, as required by law. Director Phelps seconded said motion, which unanimously carried.

The Board next considered the approval of destruction of notes of Board of Directors meetings from February 11, 2008 to February 9, 2009, 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 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 May 2009, a copy of which is attached hereto. In that regard, Mr. Rowe reported that the water accountability percentage for the month is 94.72%. He stated that the District's facilities had been operating in compliance with their respective permits during the month.

Mr. Rowe next reported there were no appeals for the month of April.

Mr. Rowe next reported that well motor no. 3 has been repaired, and is back in service.

Mr. Rowe next reported that the installation of the gate at the sewage treatment plant is in progress.

The Board next considered the status of repairs to the sewage treatment plant road. In connection therewith, Mr. Rowe stated that said repairs have not yet began.

Mr. Rowe next requested that the Board consider authorizing WDM to turn over six (6) delinquent accounts to NCO Financial Systems ("NCO") for collection, in the total amount of \$515.33. After discussion on the matter, Director Phelps moved that WDM be authorized to turn over the six (6) accounts in the total amount of \$515.33 to NCO for collection. Director Soileau seconded said motion, which unanimously carried.

Mr. Rowe next reported that WDM received two (2) water quality calls and that they flushed the hydrants.

Mr. Rowe next reported that Water Plant No. 2 was left unlocked and open again by the NHCRWA contractors. He stated that he has discussed the issue with the North Harris County Regional Water Authority.

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. Marks stated that the claim is still pending and that he forwarded correspondence to FEMA relative to the

claim already paid by the District's insurance carrier relative to Hurricane Ike, and has not heard back.

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 the work is ongoing.

The Board next considered the status of the 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. In that regard, Mr. Bordelon advised that he has not heard anything new since he last spoke to Clay Haynes with HCFCD, who advised that the letter was forwarded to Joe Meyers with HCFCD and that they are examining the cost relative to same. The Board then concurred that DMM prepare a letter to Commissioner Eversole relative to the status of same.

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 considered the review of bids and authorizing award of a contract to convert the chlorination system at the District's three water plants to a chloramine system. Mr. Bordelon stated that all approvals are complete and the bid opening is scheduled for July 2, 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. After discussion, the Board deferred action at this time.

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 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 a Notice to Proceed was issued May 18, 2009, that the contractor has commenced with the submittal

process, and that the change order approval letter has been sent to the TCEQ for approval.

The Board next considered the status of application to the TCEQ for approval of proposed change order no. 1 in the amount of \$397,400.20, relative to the Lopez contract. In that regard, Mr. Marks stated same is pending at the TCEQ.

The Board next considered the status of approval of an Out of District Service Contract with Klein Independent School District ("KISD") for service to a 125 acre tract. In that regard, Mr. Marks reported that Ms. Hernandez sent an invoice to KISD for costs incurred by the District relative to same.

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, after noting that Dr. Singh has not yet returned same.

The Board next considered a report on the storm water permitting for the District detention ponds. In connection therewith, Mr. Bordelon stated that he is working on the application for renewal and another for the transfer of the permit to the District relative to the Memorial Springs large pond.

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 stated he had nothing new to report.

The Board next deferred discussion relative to the addition of online bill payment options.

The Board next considered the status of implementation of energy efficiency programs. In connection therewith, Ms. Hernandez stated she had nothing new to report.

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 Soileau, seconded by Director Manning, and unanimously carried, the Board approved said reports, and authorized payment on the Operating Account being check nos. 14007, 14008 and 14113 through 14140, inclusive, and on the Capital Projects Account being check no. 5509, and a wire transfer, 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 February 1, 2009, through April 30, 2009, a copy of which is attached hereto. After review of the Quarterly Investment Report and upon motion duly made by Director Soileau, 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 discussions relative to the purchase of park land and improvements to same. In connection therewith, Mr. Marks stated he is working with Mr. Lee of the Memorial Springs Homeowner's Association ("HOA"), and advised that the HOA will convey a portion of the HOA's land to the District and that the District will lease it back to the HOA.

The Board next considered the adoption of a Resolution Regarding Review of Drought Contingency Plan ("Plan"), a copy of which is attached hereto. In connection therewith, Mr. Marks advised that said Plan is required to be reviewed every five years and that no changes were necessary at this time. After discussion on the matter, Director Phelps moved that said Resolution Regarding Review of Drought Contingency Plan be adopted and that DMM be authorized to file same with the necessary reporting agencies. Director Soileau seconded said motion, which unanimously carried.

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. Records Destruction Request;
4. Operators Report, including correspondence;
5. Engineering Report, including correspondence;
6. Bookkeeper's Report;
7. Quarterly Investment Report;
8. Resolution Acknowledging Review of Drought Contingency Plan.