

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 119
Minutes of Board of Directors Meeting
August 10, 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 July 13, 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 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"); Ryan Fortner 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.

In absence of the Secretary, Director Manning was named Secretary Pro Tem and authorized to execute the minutes of the meeting.

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 July 13, 2009. After review and discussion of the minutes presented, Director Phelps moved that the minutes of the meeting held on July 13, 2009, be approved as corrected. 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 July, a copy of which is attached hereto. Mr. Fortner reported that 98.09% of the District's 2008 taxes had been collected through July 31, 2009. He

then presented check nos. 2658 through 2666, inclusive, for payment and a wire transfer. After discussion of the report submitted, it was moved by Director Phelps, seconded by Director Manning and unanimously carried that said report be approved and that check nos. 2658 through 2666, inclusive, and a 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"), a copy of which is attached hereto.

Mr. Fortner next requested that the Board consider authorizing Wheeler to move thirteen (13) delinquent accounts in the total amount of \$470.91 to the Uncollectible Tax Roll. A copy of said proposed list is attached hereto. After discussion on the matter, Director Soileau moved that Wheeler be authorized to move all of the delinquent accounts on the attached list to the Uncollectible Tax Roll, except the two (2) AAA Hotshot accounts in the total amount of \$326.71. Director Manning 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 July 2009, a copy of which is attached hereto. In that regard, Mr. Rowe reported that the water accountability percentage for the month is 100.08%. 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 were no appeals for the month of July.

Mr. Rowe next reported that he received payment from the insurance company relative to the well motor at water plant no. 3.

Mr. Rowe next reported that he is awaiting a quote for repair of the number four (4) booster pump at water plant no. 3.

The Board deferred consideration of the status of repairs to the sewage treatment plant road.

Mr. Rowe next requested that the Board consider authorizing WDM to turn over four (4) delinquent accounts to Collections Unlimited of Texas ("CUT") for collection, in the total amount of \$368.75. After discussion on the matter, Director Williams moved that WDM be authorized to turn over the four (4) accounts in the total amount of \$368.75 to CUT for collection. Director Phelps seconded said motion, which unanimously carried.

Mr. Rowe next reported that he received one water quality report during the month where there was sand in the line. He stated that WDM flushed the line to fix the problem.

Mr. Rowe reported that there were no odor complaints received during the month.

Mr. Rowe next reported that Centex has incurred a backcharge and WDM will offset the backcharge against Centex's deposit.

Mr. Rowe next reported that WDM had received one complaint relative to the sanitary sewer rehabilitation, wherein water backed-up into a house at 16910 Bally Castle Drive. Mr. Rowe noted that he contacted the contractor relative to the back-up. Mr. Bordelon stated that he would follow up with the contractor to see how the matter was resolved and would report to the Board at its next meeting.

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 he is working with the contractor regarding connection to water plant no. 2. He also noted that the contractor hit the District's water line, WDM made the necessary repairs and has backcharged the contractor for said repairs.

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. In that regard, Mr. Bordelon reported to the Board that six (6) bids had been received for said project on July 14, 2009. A bid tabulation is attached hereto. He advised that the low bid on said project was submitted by T&C Construction, LTD ("T&C") in the amount of \$328,000.00. Mr.

Bordelon then recommended that the contract for conversion of the chlorination system at the District's three water plants to a chloramine system be awarded to T&C, and that the Board authorize the President to execute the construction contract with T&C on behalf of the Board and District for the subject work. After due deliberation and consideration, motion was duly made by Director Phelps, seconded by Director Williams and unanimously carried, that the contract be awarded to T&C, at the low bid price of \$328,000.00 in accordance with the rules promulgated by the Texas Commission on Environmental Quality ("TCEQ").

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 reported that at Water Plant No. 2, leaving off the 150 HP well, the following sizes for a generator were calculated. Diesel - 230 kW diesel generator with 48 hour fuel tank, sound attenuating enclosure, automatic transfer switch, power conductors, and modifications to existing electrical system at an estimated cost of \$210,000.00 - \$280,000.00. Natural Gas - 300kW natural gas generator with sound attenuating enclosure, automatic transfer switch, power conductors, gas lines, and modifications to existing electrical system at an estimated cost of \$325,000.00 - \$480,000.00. It was noted that in order to have a system in place by June 2010, the Board would need to authorize installation of a system by September or October 2009.

Mr. Bordelon also presented a proposal from NTS relative to installation of quick connects, a copy of which is attached hereto. After discussion, Mr. Bordelon stated that he would request an additional proposal. After further discussion, Director Phelps moved that the Board authorize WDM to install said quick connects based on the lowest bid received. Director Manning seconded said motion, which unanimously carried.

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 the work is progressing. He then presented pay application no. 2, in the amount of \$104,806.13, payable to Lopez, and recommended the Board approve same. After discussion on the matter, Director Manning moved that pay application no. 2 in the amount of \$104,806.13, payable to Lopez be approved, as set out above. Director Phelps seconded said motion, which unanimously carried.

The Board next considered the approval of proposed change order no. 1 in the amount of \$397,400.20, for rehabilitation of the sanitary sewer lines relative to the Lopez contract, a copy of which is attached hereto. After discussion, Director Manning moved that change order no. 1 in the amount of \$397,400.20, for rehabilitation of the sanitary sewer lines relative to the Lopez contract be approved. Director Williams seconded said motion, which unanimously carried.

The Board next considered the status of application to the TCEQ for approval of change order relative to the Lopez contract. Mr. Marks reported that the application is still pending at the TCEQ.

The Board next deferred the status of approval of an Out of District Service Contract with Klein Independent School District for service to a 125 acre tract, after noting there was nothing new to report.

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 reported that all necessary documentation had been received.

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

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 considered the issuance of utility commitments. In that regard, Mr. Bordelon presented and discussed correspondence dated July 17, 2009, relative to the Cypress Station Carwash in Spring, Texas, a copy of which is attached hereto.

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

The Board next considered the status of Web Site design and operation of the District's website. Ms. Hernandez reported regarding billing and is holding an invoice for a corrected invoice.

The Board next considered the status of the addition of online bill payment. Mr. Rowe reported that everything is in place to get the online bill payment program implemented.

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 Williams, seconded by Director Manning, and

unanimously carried, the Board approved said reports, and authorized payment on the Operating Account being check nos. 14178 and 14205 through 14238, inclusive, a wire transfer, and on the Capital Projects Account being check nos. 5514 through 5515, as set out in said report.

The Board next deferred a recess to Executive Session to discuss real property matters pursuant to §551.072, Texas Government Code, as same was not required.

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 will schedule a meeting with the HCFCD.

The Board next considered discussions relative to the purchase of park land and improvements to same. In that regard, Mr. Marks advised that deeds are being forwarded to the Memorial Springs Homeowner's Association ("HOA") for execution. Mr. Bordelon next advised that two (2) bids had been received for clearing of the park site with the low bid being submitted by Storm Maintenance and Monitoring, Inc. ("Storm Maintenance") in the amount of \$8,500.00, a copy of which is attached hereto. Mr. Bordelon then recommended that the proposal for clearing of the site be awarded to Storm Maintenance. After discussion, Director Phelps moved that the bid for clearing of the park site submitted by Storm Maintenance in the amount of \$8,500.00 be accepted, upon receipt of the executed deeds from the HOA. Director Williams seconded said motion, which unanimously carried.

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

/s/ William Manning

William Manning
Secretary Pro Tem

ATTACHMENTS

1. Tax Assessor/Collector Reports;
2. Ted Cox Report;
3. Uncollectible Accounts Report;
4. Operators Report;
5. Water Quality Report;
6. Engineering Report;
7. Correspondence from A&S dated 8/10/09;
8. Correspondence from NTS dated 8/7/09;
9. Correspondence from A&S dated 8/3/09;
10. Change Order No. 1 dated 7/20/09;
11. Correspondence from RSK dated 7/17/09;
12. Bookkeeper's Report; and
13. Correspondence from Storm Maintenance & Monitoring