

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 119
Minutes of Board of Directors Meeting
November 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 November 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 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"); 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.

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 October 12, 2009. After review and discussion of the minutes presented, Director Williams moved that the minutes of the meeting held on October 12, 2009, be approved as written. Director Phelps 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 October, a copy of which is attached hereto. Ms. Leuvano reported that 2.94% of the District's 2009 taxes and 99.16% of the District's 2008 taxes had been collected through October 31, 2009. She then

presented check nos. 2679 through 2682, inclusive, and a wire for payment. After discussion of the report submitted, it was moved by Director Williams, seconded by Director Manning and unanimously carried that said report be approved and that check nos. 2679 through 2682, 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, Mr. Marks presented for the Board's review and information a written report dated November 5, 2009, which had been prepared by the District's delinquent tax attorney, Ted A. Cox, P.C. ("Cox"), 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 October 2009, a copy of which is attached hereto. In that regard, Mr. Rowe reported that the water accountability percentage for the month is 99.48%. He stated that the District's facilities had been operating in compliance with their respective permits during the month.

Mr. Rowe next requested that the Board consider authorizing WDM to turn over seven (7) delinquent accounts to Collections Unlimited of Texas ("CUT") for collection, in the total amount of \$573.46. After discussion on the matter, Director Manning moved that WDM be authorized to turn over the seven (7) accounts in the total amount of \$573.46 to CUT for collection, as set out above. Director Phelps seconded said motion, which unanimously carried.

The Board next considered appeals from customers of District charges or policies. In connection therewith, Mr. Rowe reported resident who requested a payment plan last month has paid in full.

He next reported on status of the Robert E. Welch account relative to the high water bill due to a water line break caused by the NHCRWA. In that regard, Mr. Rowe reported that there has been no resolution to the situation with the NHCRWA contractor relative to the arrears bill and that the contractor is denying responsibility in the matter. He further noted that Mr. Welch has been advised that he needs to pay the arrears bill by November 24, 2009. The Board concurred that WDM should proceed with normal disconnection procedures if not paid by the deadline.

Mr. Rowe next reported that Ms. Evelyn Stier, a District resident, recommended that the District use its recycling proceeds to repair the curbs in the District. He advised that the District is not receiving any proceeds at this time and also informed Ms. Stier that the curbs are owned by Harris County.

Mr. Rowe next discussed the status of the sewage treatment plant with the Board. He stated that it will cost approximately \$3,600, \$3,900 and \$5,200 respectively to repair the 3 mixers that are out of service, or between \$7,000 and \$8,000 each for new replacements. Director Phelps requested that WDM verify that the mixers have adequate electrical surge protection. After discussion, Director Phelps moved that WDM be authorized to repair the 3 mixers as set out above. Director Williams seconded said motion, which unanimously carried.

Mr. Rowe next reported on the status of booster pump no. 3 at Water Plant No. 1. He stated that same has been repaired and installed and should be back in service tomorrow.

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

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

Mr. Rowe next reported on the status of the fence painting at the lift station by Memorial Springs HOA. In connection therewith, he noted that said painting is not yet complete.

The Board next considered the approval of a contract for the installation of quick connects at the District's facilities. In connection therewith, Mr. Rowe presented and discussed bids submitted for same. He noted that the low bid was submitted by NTS in the amount of \$27,600. After discussion, Director Phelps moved that WDM be authorized to hire NTS to perform the work, as set out above, with the exception of the wastewater treatment plan lift station no. 2 (\$6,500) and the lift station no. 3 light pole (\$850). 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 advised that the final inspection is not yet done. Mr. Marks then discussed

correspondence received from the NHCRWA relative to surface water conversion/chloramines disinfection, a copy of which is attached hereto.

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 consideration relative to the review of bids and authorizing award of a contract for installation of additional diesel tanks for auxiliary power and installation of auxiliary power at the lift stations.

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. 5, in the amount of \$110,712.32, payable to Lopez, and recommended the Board approve same. After discussion on the matter, Director Williams moved that pay application no. 5 in the amount of \$110,712.32, payable to Lopez be approved, as set out above. Director Manning 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 a pre-construction conference was held on September 25, that the Notice to Proceed was dated October 5, 2009, and that the contractor has commenced the submittal process.

The Board next considered the status of request for easements relative to the construction of water and sanitary sewer lines to serve the Klein Independent School District ("KISD") tract. After discussion, Director Phelps moved to approve the perpetual water line and force main sewer line easements, subject to receipt of payment from KISD. Director Manning seconded said motion, which unanimously carried.

The Board next considered the status of receipt of final acceptance letter from the Harris County Flood Control District ("HCFCD") relative to the drainage and detention facilities. In connection therewith, Mr. Bordelon advised that he is waiting on the HCFCD to provide the District with a draft of same relative. He stated that he has requested same, but has not received a response to date. Mr. Bordelon stated that he believes the HCFCD has everything it needs

and Mr. Rowe noted that District residents have been calling his office regarding the maintenance of those facilities.

The Board next considered an amendment to the District's Rate Order. In connection therewith, Mr. Rowe discussed WDM's charges and deposit charges. After discussion, the Board concurred to leave the NHCRWA pumpage fee as is and requested Mr. Rowe perform a rate analysis relative to same.

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 status of Web Site design and operation of the District's website. In connection therewith, Director Phelps reported on same and Mr. Rowe advised he would provide the web site with the necessary information.

The Board next considered the status of implementation of energy efficiency programs. In connection therewith, Ms. Hernandez presented and reviewed the Facilities Monthly Summary prepared by Acclaim Energy, a copy of which is attached hereto.

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 Phelps, and unanimously carried, the Board approved said reports, and authorized payment on the Operating Account being check nos. 14177, 14290, 14295, 14326, 14327 and 14331 through 14366, inclusive, with check nos. 14177, 14290, 14295 and 14332 being voided, two (2) wire transfers, and on the Capital Projects Account being check nos. 5520 and 5521, 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 May 1, 2009, through July 31, 2009, a copy of which is attached hereto. After review of the Quarterly Investment Report and upon motion duly made by Director Williams, seconded by Director Phelps 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 that regard, the Board next considered the status of contract with Storm Maintenance and Monitoring, Inc., for clearing of the park site. In connection therewith, Mr. Bordelon advised that a final inspection was held and he recommended payment of the final pay estimate. After discussion, Director Phelps moved that the final pay estimate to Storm be approved. Director Manning seconded said motion, which unanimously carried.

Mr. Rowe next discussed additional work needed at the park site. After discussion, the Board concurred for Mr. Rowe to obtain a cost estimate for same.

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

/s/ William Manning

William Manning
Asst. Secretary

ATTACHMENTS

1. Tax Assessor/Collector Reports;
2. Ted Cox Report;
3. Operators Report and correspondence;
4. Collections List;
5. Summary of Costs for Installation of Quick Connects;
6. NHCRWA Correspondence;
7. Engineering Report;
8. Bookkeeper's Report; and
9. Quarterly Investment Report.