

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 119
Minutes of Board of Directors Meeting
December 21, 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 December 21, 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"); David Summerlin of Municipal Accounts & Consulting, L.P. ("MAC"); Troy Bordelon of A&S Engineers, Inc. ("A&S"); Yvonne Leuvano of Wheeler & Associates, Inc.; and Kara Richardson 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 November 9, 2009. After review and discussion of the minutes presented, Director Williams moved that the minutes of the meeting held on November 9, 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 November, a copy of which is attached hereto. Ms. Leuvano reported that 6.05% of the District's 2009 taxes and 99.43% of the District's 2008 taxes had been collected through November 30, 2009. She then presented check nos. 2683 through 2695, 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. 2683 through 2695, 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, Ms. Richardson presented for the Board's review and information a written report dated December 9, 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 November 2009, a copy of which is attached hereto. In that regard, Mr. Rowe reported that the water accountability percentage for the month is 98.19%. He stated that the District's facilities had been operating in compliance with their respective permits during the month.

Mr. Rowe next stated that WDM received a call from a District resident relative to a dead tree, and that the customer was told by Harris County Flood Control District that said tree was on District property. He advised that Center Point will be removing the dead tree.

Mr. Rowe next reported on the status of the District's on line bill payment program. He advised that AVR wants to include instructions for making on line payments in customer's water bills at no charge. The Board concurred with AVR's request.

Mr. Rowe next reported that WDM has cleaned up the sludge dripping from the pump, as noted in the inspection letter received from the TCEQ.

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

Mr. Rowe next requested that the Board consider authorizing WDM to turn over six (6) delinquent accounts to Collections Unlimited of Texas ("CUT") for collection, in the total amount of \$490.91, and to write off two (2) accounts in the total amount of \$2.76. After discussion on the matter, Director Williams moved that WDM be authorized to turn over the six (6) accounts in the total amount of \$573.46 to CUT for collection, and to write off the two (2) accounts in the amount of \$2.76, as set out above. Director Soileau seconded said motion, which unanimously carried.

Mr. Rowe next reported on the status of the repairs to the three (3) mixers at the sewage treatment plant with the Board. He stated that said repairs will be complete in approximately 2 to 3 weeks.

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 noted that WDM is still awaiting payment from the insurance company.

The Board deferred consideration on the status of repairs to the sewage treatment plant road, after noting that same is on hold due to the wet ground.

Mr. Rowe next reported that there were two (2) water quality calls 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 now complete.

Mr. Rowe next discussed generators with the Board. In connection therewith, he stated that there is a used one with approximately 2800 hours of run time for sale for \$19,500. He next discussed the various generator options with the Board. Director Phelps requested Mr. Rowe provide the Board with a spreadsheet detailing the prices of a new generator vs. an old generator, with warranty information and a recommendation for the District's generator needs.

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, Ms. Richardson reported on correspondence received from the NHCRWA advising that the well pumpage fee is increasing to \$1.75 per 1,000 gallons and the surface water fee is increasing to \$2.20 per 1,000 gallons, effective January 1, 2010, 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 and that Lopez has paid Morrison Supply Company. He then presented pay application no. 6, in the amount of \$138,348.68, payable to Lopez, and recommended the Board approve same. After discussion on the matter, Director Manning moved that pay application no. 6 in the amount of \$138,348.68, payable to Lopez be approved, as set out above. Director Soileau seconded said motion, which unanimously carried.

Mr. Bordelon next reported that Lopez hit a couple of sanitary sewer line areas along Bonnie Sean that were backfilled with concrete. He stated that WDM will have to pump down the big lift station with a diesel pump in order to allow the work in some of the deep lines. He stated it will cost approximately \$2,765 the first week and \$1,065 per week thereafter and noted that Lopez can perform and complete the work in approximately two weeks.

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 deferred an amendment to the District's Rate Order.

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 Manning queried the actual usage of the website by the residents of the District. Mr. Rowe advised he would report relative to same at the next meeting. He then recommended that the online bill payment instructions be enhanced on the District's website.

The Board next considered the status of implementation of energy efficiency programs. In connection therewith, Ms. Richardson presented and discussed an Agreement from Legacy Energy Solutions ("Legacy") for implementation of energy efficiency measures and monitoring of energy consumption by Legacy. Ms. Richardson noted that Legacy stated that the Board approved participating in the program earlier in the year. She stated that Legacy advised that the District has paid Legacy \$12,000 pursuant to the terms of the Agreement. After discussion, the Board requested that the bookkeeper confirm that payment has been made to Legacy and to put same on the next agenda for formal approval.

The Board next considered the financial and investment reports and the invoices presented for payment. In connection therewith, Mr. Summerlin 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 Soileau, and unanimously carried, the Board approved said reports, and authorized payment on the Operating Account being check nos. 14332 and 14365 through 14414, inclusive, with check no. 14332 being voided, a wire transfer, and on the Capital Projects Account being check nos. 5522 and 5523, and a wire transfer, as set out in said report.

Ms. Richardson next presented and reviewed with the Board a proposed Agreement with the Harris County Flood Control District ("HCFCD") relative to acceptance of the drainage and detention facilities. The Board deferred approval of such Agreement and instructed DMM to discuss and clarify certain terms of the Agreement prior to the next Board meeting.

The Board next considered discussions relative to the purchase of park land and improvements to same, including the review of proposals for additional work needed at the park site. In connection therewith, Mr. Bordelon presented a proposal from Storm Maintenance and Monitoring, Inc., in the amount of \$7,500, for the additional clearing of the 1.85 acre tract, a copy of which is attached hereto. After discussion, Director Phelps moved that said proposal be approved as set out above. 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

John Soileau
Secretary

ATTACHMENTS

1. Tax Assessor/Collector Reports;
2. Ted Cox Report;
3. Operators Report and correspondence;
4. Collections List;
5. NHCRWA Correspondence;
6. Engineering Report;
7. Bookkeeper's Report; and
8. Storm Maintenance and Monitoring, Inc. proposal