

**HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 119**  
**Minutes of Board of Directors Meeting**  
**March 8, 2010**

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 March 8, 2010, 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 Souleau, 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 and Sara Bordelon of A&S Engineers, Inc. ("A&S"); Craig Rathmann of Rathmann & Associates, L.P.; Yvonne Leuvano of Wheeler & Associates, Inc.; and David Marks of Marks Richardson PC.

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 Williams 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 signed up to speak.

The Board next reviewed and considered the approval of the minutes of the meeting held on February 8, 2010. After review and discussion of the minutes presented, Director Williams moved that the minutes of the meeting held on February 8, 2010, 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 January, a copy of which is attached hereto. Ms. Leuvano reported that 93.52% of the District's 2009 taxes had been collected through February

28, 2010. She then presented check nos. 2696, and 2721 through 2737, inclusive, and two (2) wires for payment. After discussion of the report submitted, it was moved by Director Manning, seconded by Director Phelps and unanimously carried that said report be approved and that check nos. 2696, and 2721 through 2737, 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. Leuvano presented for the Board's review and information a written report dated March 3, 2010, which had been prepared by the District's delinquent tax attorney, Ted A. Cox, P.C. ("Cox"), a copy of which is attached hereto.

As the next order of business, the Board considered authorizing the District's consultants to proceed with the preparation of documentation related to the issuance of the District's refunding bonds, including preparation of a Plan of Financing. Mr. Rathmann discussed the possible refunding of the District's Unlimited Tax Bonds, Series 2001 and Unlimited Tax Bonds, Series 2002 and noted that under current rates he projects a 4.05% present value savings, with a total projected savings of \$233,317.50. He noted that this projected savings assumes an "A" rated, non-insured issue. He recommended that the Board proceed with a parameter sale, with a designated officer authorized to proceed with the transaction within certain parameters, which parameters would include a requirement that the refunding produce not less than 3% value savings. He proposed that RBC Dain Rauscher and First Southwest Company will be underwriters with Grant Thornton engaged to perform the verification documentation. After discussion, the Board concurred to authorize Mr. Rathmann to proceed with the necessary documentation regarding the refunding.

The Board next considered approval of a Resolution Authorizing Request to Harris County Appraisal District for Appraisal of Property as of March 1, 2010. In that regard, Mr. Marks presented to the Board for review and approval a Resolution Authorizing Request to the Harris County Appraisal District for Appraisal of Property as of March 1, 2010. After discussion, Director Eckert moved that same be adopted by the Board and District and that the President and Secretary Pro-Tem be authorized to execute same. Director Williams seconded said motion, which unanimously carried.

Mr. Rathmann exited the meeting.

The Board next considered the report on the District's water, sanitary sewer and storm sewer systems for the month

of February 2010, a copy of which is attached hereto. In that regard, Mr. Rowe reported that the water accountability percentage for the month is 95.90%. He stated that the District's facilities had been operating in compliance with their respective permits during the month.

The Board next considered appeals from customers of District charges or policies. In that regard, Mr. Rowe presented correspondence from Virginia and Jennifer Bland of 9719 Ballin David Drive requesting a payment plan for their delinquent water bill due to a bankruptcy and other misfortune. A copy of said correspondence is attached hereto. After discussion, the Board concurred that Mr. Marks obtain a copy of the bankruptcy order and authorize WDM to offer a payment plan to the Blands.

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

Mr. Rowe next requested that the Board consider authorizing WDM to turn over two (2) delinquent accounts to Collections Unlimited of Texas ("CUT") for collection, in the total amount of \$110.53. After discussion on the matter, Director Phelps moved that WDM be authorized to turn over the two (2) accounts in the total amount of \$110.53 to CUT for collection, as set out above. Director Williams seconded said motion, which unanimously carried.

Mr. Rowe next reported that the customer adjacent to Water Plant No. 3 planted trees next to the fence. The Board concurred to authorize the operator to contact the customer to request that the trees be moved.

Mr. Rowe next reported that Centerpoint Energy could not locate Water Plant No. 3 using the address they assigned and noted that he is working with Centerpoint on a solution.

Mr. Rowe next discussed the status of the District's application for participation in the Water Smart Program. After discussion, Director Williams made a motion authorizing the District to participate in the Water Smart Program and to authorize the District's Directors and Consultants to take any actions required in connection therewith. 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 noted that the

contractor is still working on completing the punch list items. After discussion, the Board concurred that WDM should send an official notice to residents of the District regarding chloramine conversion.

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.

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 presented pay application no. 9, in the amount of \$78,999.08, payable to Lopez, and recommended the Board approve same. After discussion on the matter, Director Williams moved that pay application no. 9 in the amount of \$78,999.08, 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 the work is progressing and the contractor did not submit a pay estimate this month.

The Board next considered discussions relative to the park land improvements, including the status of a contract with Storm Maintenance and Monitoring, Inc. ("Storm"), relative to the additional clearing of the park site. In connection therewith, Mr. Bordelon advised that the work is progressing very slowly due to rain and the contractor did not submit a pay estimate this month.

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 approval an Agreement with the Harris County Flood Control District ("HCFCD") relative to acceptance of the drainage and detention facilities. In connection therewith, Mr. Marks discussed the status of getting a meeting with Commissioner Eversole. Mr. Marks presented and reviewed with the Board the HCFCD proposed Interlocal Agreement,

as amended to incorporate the changes previously discussed. The Board reviewed and discussed the proposed Interlocal Agreement and proposed correspondence to Commissioner Eversole regarding the status of the agreement. After further discussion, Director Williams moved that the revised Interlocal Agreement be approved, that Director Phelps be authorized to execute and forward the proposed correspondence to Commissioner Eversole, and that a check in the amount refunded under the Interlocal Agreement be issued and held pending approval of the Interlocal Agreement by Harris County. Director Manning seconded said motion, which unanimously carried.

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. 14451, and 14492 through 14542, inclusive, three (3) wire transfers, with check no. 14496 being voided, and on the Capital Projects Account being check nos. 5530 through 5532, 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 November 1, 2009, through January 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 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 approval of an Order Selecting Depository with Amegy Bank. Mr. Marks advised that Amegy Bank was well qualified to act as a depository for the District. After discussion on the matter, Director Manning moved that the attached Order Selecting Depository with Amegy Bank be adopted. Director Phelps seconded said motion, which unanimously carried.

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

/s/ Robert Williams

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Robert Williams  
Secretary Pro Tempore

## ATTACHMENTS

1. Tax Assessor/Collector Reports;
2. Ted Cox Report;
3. Chart of Refunding Effects by Rathmann
4. Operators Report and correspondence;
5. Virginia and Jennifer Bland correspondence;
6. Water Quality Report/Collections List;
7. Engineering Report and correspondence;
8. Bookkeeper's Report;
9. Quarterly Investment Report period ended 1/31/10