

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 119
Minutes of Board of Directors Meeting
May 10, 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 May 10, 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, 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.; Matthew Nelson, a District resident; 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.

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 considered appeals from customers of District charges or policies. In connection therewith, Mr. Nelson addressed the Board and advised that he received a delinquent notice, paid same, but forgot to put it in the mail. He stated that a penalty was assessed in the new statement and a couple of days later he received a delinquent notice with a \$5.00 fee for the notice. Mr. Nelson requested that the Board consider waiving the \$5.00 fee as the delinquent notice came too quickly after the bill showing the delinquent amount. After discussion, Director Phelps moved that Mr. Nelson's request be denied. Director Williams seconded said motion, which unanimously carried. Mr. Rowe stated that he would look into the timing of the notices.

The Board next reviewed and considered the approval of the minutes of the meeting held on April 12, 2010. After review and discussion of the minutes presented, Director Soileau moved that the minutes of the meeting held on April 12, 2010, be approved as corrected. Director Williams seconded said motion, which unanimously carried.

The Board next considered the acceptance of the Oath of Office ("Oath"), Statement of Elected Officer ("Statement") and Election Not to Disclose Certain Information ("Election") for Directors Soileau, Williams and Manning. Directors Soileau, Williams and Manning took their respective Oath and executed their respective Statement and Election. Mr. Marks advised that the Oath of Directors Soileau, Williams and Manning will be filed with the Secretary of State in a timely manner. After discussion on the matter, it was moved by Director Williams, seconded by Director Manning and unanimously carried that the Board accept said Oath, Statement and Election for Directors Soileau, Williams and Manning and declare them re-elected for a four year term.

The Board next considered the election of officers of the Board of Directors. After discussion on the matter, Director Soileau moved that Director Manning be named Assistant Secretary of Board and that all other officers of the Board be re-elected to the positions that they currently hold. Director Phelps seconded said motion, which unanimously carried.

The Board next considered the disbursement of bond proceeds from the District's \$6,580,000 Unlimited Tax Refunding Bonds, Series 2010. Mr. Marks presented and reviewed with the Board a disbursement letter itemizing the disbursements to be considered by the Board for approval, a copy of same being attached hereto. After discussion on the matter, Director Williams moved that all wires and checks out of the District's operating account and at the bond closing, be approved and authorized in all respects, provided such wires and checks should be held pending receipt of proceeds of the refunding. Director Soileau seconded said motion, which unanimously carried.

There was next a discussion regarding the approval of various documents required in connection with the closing scheduled for Thursday, May 13, 2010, relative to the District's Unlimited Tax Refunding Bonds, Series 2010. Mr. Marks reviewed the Signature Identification and No-Litigation Certificate, the District Receipt, the Closing Certificate and the Federal Tax Certificate with the Board.

After discussion on the matter, Director Williams moved that the closing documents be approved and that the President be authorized to execute and the Secretary to attest same on behalf of the Board and District. Director Soileau seconded said motion, which unanimously carried.

The next item to be discussed by the Board was the approval and execution of Internal Revenue Service Form 8038-G relative to the District's \$6,580,000 Unlimited Tax Refunding Bonds, Series 2010. Mr. Marks presented same to the Board for review. After discussion on the matter, Director Williams moved that same be approved by the Board and that the President be authorized to execute same on behalf of the Board and District. Director Soileau seconded said motion, which unanimously carried.

The Board next considered authorizing any other action necessary and appropriate in connection with the District's \$6,580,000 Unlimited Tax Refunding Bonds, Series 2010. After discussion on the matter, Director Williams moved that MRPC and/or other District consultants be authorized to take any other action necessary and appropriate with regard to the closing of the District's Series 2010 Unlimited Tax Refunding Bond Issue. 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 April, a copy of which is attached hereto. Ms. Leuvano reported that 96.85% of the District's 2009 taxes had been collected through April 30, 2010. She then presented check nos. 2756 through 2764, inclusive, and a wire for payment. After discussion of the report submitted, it was moved by Director Soileau, seconded by Director Williams and unanimously carried that said report be approved and that check nos. 2756 through 2764, 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 May 5, 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.

Ms. Luevano next reported that the District's estimate of value as of March 1, 2010, is \$393,809,552.

The Board next considered the report on the District's water, sanitary sewer and storm sewer systems for the month of April 2010, a copy of which is attached hereto. In that regard, Mr. Rowe reported that the water accountability percentage for the month is 99.23%. He stated that the District's facilities had been operating in compliance with their respective permits during the month.

Mr. Rowe next reported on the status of the water analysis on Water Plant No. 3. He noted that the fluoride levels have dropped slightly. Mr. Rowe stated that WDM will blend the water once the surface water delivery beings at Water Plant No. 3. The Board requested that Mr. Rowe confirm that notification of District residents is all that is required.

Mr. Rowe next reported that the air release valve on well no. 3 needs to be replaced. He stated it will cost approximately \$1,500 to replace same. After discussion on the matter, Director Soileau moved that WDM be authorized to replace same. Director Manning seconded said motion, which unanimously carried.

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 \$149.28, and to write off one (1) account in the total amount of \$15.99. After discussion on the matter, Director Soileau moved that WDM be authorized to turn over the two (2) accounts in the total amount of \$149.28 to CUT for collection, and to write off the one (1) account in the amount of \$15.99, as set out above. Director Williams seconded said motion, which unanimously carried.

The Board next deferred the approval of the Consumer Confidence Report until the next meeting.

The Board next requested that WDM look at the sewage treatment plant discharge as they have noticed scum in the ditch.

Mr. Rowe next discussed the status of temporary water service to a school in the Klein Independent School District ("KISD"). He confirmed that the temporary water is only serving the trailers on site. Mr. Rowe stated that Harris County inspected the sewer discharge and that KISD has brought storage basins on site to use until they can be hooked up to a permanent system.

The Board next considered the annual report on the District's Identity Theft Prevention Program. In connection therewith, Mr. Rowe advised that WDM is in compliance, but that WDM still needs to perform a program update. He noted that he will have report to present to the Board at the 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 he had nothing new to report.

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

The Board next considered authorizing the engineer to prepare an application for chloramine credit. In connection therewith, Mr. Bordelon stated that same is still under construction. After discussion, Director Manning moved that the engineer be authorized to complete and file said application once the project is complete. Director Williams seconded said motion, which unanimously carried.

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. 11, in the amount of \$56,025.00 payable to Lopez, and recommended the Board approve same. After discussion on the matter, Director Soileau moved that pay application no. 11 in the amount of \$56,025.00 payable to Lopez be approved, as set out above. Director Williams 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 presented change order no. 1, to extend the contract time due to the delayed delivery of equipment, and recommended the Board approve same. After discussion on the matter, Director Phelps moved that change order no. 1 be approved, as set out above. Director Soileau seconded said motion, which unanimously carried.

Mr. Bordelon next advised that A&S will file the Storm Water Permit renewal application with Harris County.

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 complete, and noted that the contractor has submitted pay application no. 2, in the amount of \$2,500 for payment. He recommended the Board approve same, accept the project as complete, and void the pay estimate approved last month in the amount of \$7,600. After discussion, Director Williams moved that pay application no. 2 in the amount of \$2,500 be approved and to accept the project as complete. Director Manning seconded said motion, which unanimously carried.

Mr. Bordelon next presented a cost estimate from Storm to perform additional work at the park site and recommended that the Board authorize the additional drainage work in the amount of \$2,400. After discussion, Director Williams moved that the Board approve a change order to perform the drainage work. Director Manning seconded said motion, which unanimously carried. Mr. Rowe further advised that WDM would take care of the mowing for the next few months.

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 review and approval of an Order Adopting a Water Conservation Plan.

The Board next deferred the issuance of utility commitments, after noting no requests were made.

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 Manning, seconded by Director Phelps, and unanimously carried, the Board approved said reports, and authorized payment on the Operating Account being check nos. 14582 through 14622, inclusive, with check no. 14582 being voided, and on the Capital Projects Account being check nos. 5537 through 5539, as set out in said report.

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, Mr. Bordelon and Director Phelps reported on the status of the meeting with Commissioner Eversole.

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. Engineering Report and correspondence;
5. Bookkeeper's Report.