

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 119
Minutes of Board of Directors Meeting
March 7, 2011

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 7, 2011, 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, Asst. Secretary

and all of said members were present, except Director Eckert and Director Soileau, thus constituting a quorum.

Also present were Lisa Hernandez of Municipal Accounts & Consulting, L.P. ("MAC"); Troy Bordelon of A&S Engineers, Inc. ("A&S"); Cindy Englebort of Wheeler & Associates, Inc.; David Aguilar of Republic Waste Services; and David Marks of Marks Richardson PC ("MRPC").

In absence of the President, the Vice 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 reviewed and considered the approval of the minutes of the meeting held on February 14, 2011. After review and discussion of the minutes presented, Director Manning moved that the minutes of the meeting held on February 14, 2011, be approved as written. Director Williams seconded said motion, which unanimously carried.

The Board next considered a proposal for District participation in the RecycleBank Program with Republic Services. In that regard, Mr. Aguilar discussed the program with the Board and noted that the District currently pays \$2.75 per connection per month for recycling services. He advised that if the RecycleBank program is implemented, the Board could expect a cost increase of \$1.00 per connection per month. He further noted that glass would be added to the list of items accepted for recycling. A copy of the

RecycleBank program is attached hereto. After discussion, the Board concurred that Mr. Aguilar should submit a proposal for consideration at the next meeting.

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 February, a copy of which is attached hereto. Ms. Englebert reported that 94.71% of the District's 2010 taxes had been collected through February 28, 2011. She then presented check nos. 2804 and 2838 through 2841, inclusive, and one (1) wire transfer 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. 2804 and 2838 through 2841, inclusive, and the one 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, Ms. Englebert presented for the Board's review and information a written report dated March 4, 2011, 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 February 2011, a copy of which is attached hereto. In that regard, in absence of the operator, it was noted that the Operator's report stated that the water accountability percentage for the month is 93.80%, and that the District's facilities had been operating in compliance with their respective permits during the month.

Mr. Marks 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. In that regard, Mr. Bordelon reported that he sent an email to the NHCRWA regarding the delivery of surface water to Water Plant No. 3 and will follow-up advising that Water Plant No. 1 is not an option.

Mr. Marks next presented correspondence dated March 1, 2011, from the NHCRWA regarding the 2010-2011 Aggregated Water well Permit Period, a copy of which is attached hereto. In that regard, Mr. Bordelon discussed the requirement for taking water and the potential for penalties. The Board requested that Mr. Bordelon, working with Mr. Marks, send a response to the NHCRWA regarding the matter.

Mr. Bordelon next advised that he is in the process of submitting an application relative to the chloramination rebate.

Mr. Bordelon next reported that he received an email from the HOA regarding the Memorial Creek Estates detention pond. He stated that he has contacted Mr. Clay Hayes and is awaiting a response.

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.

Mr. Bordelon next presented a survey of tank inspections at Water Plant No. 1 and noted that the hydro tanks are in need of work at a cost of approximately \$30,000 each. The Board concurred to defer repair of the hydro tanks pending a determination by the NHCRWA regarding a delivery point for surface water at Water Plant No. 3.

The Board next considered the annual review of a Resolution Adopting Prevailing Wage Rate Scale for Construction Projects. Mr. Marks advised that no changes had been made to same, so no action is required at this time. The Board concurred to take no action relative to same.

The Board next considered the status of request to the TCEQ for waiver of an elevated storage facility, status of the hydrology study and enforcement action and approval of Agreed Order. In connection therewith, Mr. Bordelon stated that the Agreed Order was approved and that he is still working on the technical information filing.

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 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 Phelps, seconded by Director Manning, and unanimously carried, the Board approved said reports, and authorized payment on the Operating Account being check nos. 15015 through 15062, inclusive, with check nos. 15021 and 15019 being voided, and on the Capital Projects Account being check no. 5556, and a wire transfer relative to the April 1 debt service payment, as set out in said report.

The Board next considered a request from New Quest relative to reimbursement of funds expended relative to the extension of District facilities, including authorizing the preparation of an application to the TCEQ regarding the use of surplus construction funds relating thereto. In that regard, the Board considered the approval of a Resolution Authorizing Use of Surplus Funds and Interest on Construction Funds ("Surplus Funds Resolution") to reimburse New Quest Properties for funds expended relative to the extension of District facilities. In connection therewith, Mr. Marks presented and reviewed same with the Board. After discussion on the matter, Director Phelps moved that said Surplus Funds Resolution be approved and that MRPC be authorized to file same with the TCEQ. Director Manning 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
Asst. Secretary

ATTACHMENTS

1. Republic Services / RecycleBank program
2. Tax Assessor/Collector Reports
3. Ted Cox Report
4. Operators Report and correspondence
5. NHCRWA correspondence dated 3/1/11
6. Engineering Report
7. Bookkeeper's Report