

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 119
Minutes of Board of Directors Meeting
November 14, 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 November 14, 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 Manning, thus constituting a quorum.

Also present were Carol Rochetti of Municipal Accounts & Consulting, L.P. ("MAC"); Troy Bordelon of A&S Engineers, Inc. ("A&S"); Lauren Matson of Wheeler & Associates, Inc.; David Rowe of Water District Management Co. ("WDM"); Craig Rathmann of Rathmann & Associates, L.P. and David Marks of Marks Richardson PC ("MRPC").

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 of 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 October 10, 2011. After review and discussion of the minutes presented, Director Williams moved that the minutes of the meeting held on October 10, 2011, be approved. Director Soileau seconded said motion, which unanimously carried.

The Board next considered issuance of bonds to refund portions of the District's Series 2003 and Series 2004 Bonds. In connection therewith, Mr. Rathmann distributed a Tax Rate Analysis and reviewed the same with the Board, a copy of which is attached hereto. He advised that the proposed refunding is projected to save the District \$0.01 in tax rate. He next distributed and reviewed the attached Refunding Effects Analysis with the Board. He noted that the District's projected savings is in the amount of \$230,456.17 and 3.81866091% of bonds being refunded. He next recommended that the Board set a parameter of net

present value savings to the District of at least 3.50% and a bond issue size of up to \$10,000,000. After discussion, the Board unanimously concurred with Mr. Rathmann's recommendation.

The Board next considered approval of a Preliminary Official Statement in connection with the issuance of the District's Unlimited Tax Refunding Bonds, Series 2012. In that regard, Mr. Rathmann reviewed the proposed Preliminary Official Statement with the Board and stated that he will be working on the transaction with RBC Capital Markets and First Southwest Company. After discussion on the matter, Director Phelps moved that the Board approve the Preliminary Official Statement, and that the Board authorize Rathmann & Associates, L.P. to finalize the Preliminary Official Statement in connection with the District's Unlimited Tax Refunding Bonds, Series 2012. Director Soileau seconded said motion, which unanimously carried.

The Board next considered approval and execution of a Bond Registrar, Paying Agency and Transfer Agency Agreement with Wells Fargo Bank, N.A. in connection with the District's Unlimited Tax Refunding Bonds, Series 2012. In that regard, Mr. Marks reviewed the various provisions of the Paying Agent / Registrar Agreement with the Board. After discussion, Director Phelps moved that the Paying Agent / Registrar Agreement with Wells Fargo Bank, N.A. be approved and that the President or Vice President be authorized to execute same on behalf of the Board and District. Director Soileau seconded said motion, which carried unanimously.

The Board next considered the designation of a Verification Agent in connection with the issuance of the Series 2012 Unlimited Tax Refunding Bonds. Mr. Marks advised the Board that the Attorney General requires that the District engage an independent auditor to conduct an audit to verify the savings to be experienced by the District as a result of the refunding bond issue. After discussion on the matter, Director Phelps moved that the Board engage the services of Grant Thornton LLP to act as verification agent for the District's Series 2011 Unlimited Tax Refunding Bonds. Director Soileau seconded said motion, which carried unanimously.

The Board next considered adoption of an Order authorizing the issuance, sale and delivery of the District's Series 2012 Unlimited Tax Refunding Bonds. Mr. Marks reviewed the terms and provisions of the Bond Order with the Board. Said Bond Order was considered by the Board and, thereupon, it was duly moved by Director Phelps, seconded by Director Soileau and unanimously carried that

said Bond Order be passed and adopted by the Board and District.

The Board next considered authorizing the Board President or Vice President to act on behalf of the Board to receive and act upon proposals for the purchase of the District's Series 2012 Unlimited Tax Refunding Bonds, including approval of a Plan of Financing and execution and approval of an Officer's Pricing Certificate and Bond Purchase Agreement. After discussion, Director Phelps moved that the Board President or Vice President be authorized to act on behalf of the Board to receive and act upon proposals for the purchase of the District's Series 2012 Unlimited Tax Refunding Bonds, approve a Plan of Financing and execute and approve an Officers Pricing Certificate and Bond Purchase Agreement. Director Soileau seconded said motion, which unanimously carried.

The Board next considered authorizing the completion and distribution of a Final Official Statement to be prepared by Rathmann & Associates, L.P. in connection with the District's Unlimited Tax Refunding Bonds, Series 2012. After review and discussion on the matter, Director Phelps moved that the Board authorize the completion and distribution of a Final Official Statement. Director Soileau seconded said motion, which unanimously carried.

The Board next considered the approval and execution of various documents relative to the District's Series 2012 Unlimited Tax Refunding Bonds. Mr. Rathmann noted that he expects to price the bond sale on December 6, 2011. Mr. Marks reviewed the subject documents with the Board, including the General Certificate, Notice of Bond Redemption, Signature Identification and No-Litigation Certificate and the special Tax Counsel engagement letter. After discussion on the matter, Director Phelps moved that the sale documents be approved and that the President or Vice President be authorized to execute and the Secretary or Assistant Secretary to attest same on behalf of the Board and District, and that the District's Attorneys be authorized to prepare a transcript of the proceedings and take whatever other actions they deem necessary in connection with the sale of the Bonds. Director Soileau seconded said motion, which unanimously carried.

The Board next considered the status of reimbursement of funds expended by New Quest for extension of District facilities. In connection therewith, Mr. Marks reviewed the documents and instruction letter received from New Quest. After discussion, the Board concurred to issue two (2) checks, as requested in New Quest's instruction letter, and

authorized MRPC to release the checks only upon release of Receipt by New Quest.

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. Matson reported that 2.61% of the District's 2011 taxes had been collected and 99.77% of the District's 2010 taxes had been collected through October 31, 2011. She then presented check nos. 2894 through 2898, inclusive, for payment. After discussion of the report submitted, it was moved by Director Soileau, seconded by Director Eckert and unanimously carried that said report be approved and that check nos. 2894 through 2898, inclusive, be approved for payment, and one wire transfer, 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. Matson presented for the Board's review and information a written report dated November 9, 2011, which had been prepared by the District's delinquent tax attorney, Ted A. Cox, P.C., a copy of which is attached hereto.

The Board next conducted a public hearing relative to taxation of tangible personal property pursuant to Section 11.253. In connection therewith, the President announced the hearing open and invited members of the public to address the Board relative to taxation of tangible personal property pursuant to Section 11.253. Seeing no members of the public wishing to speak, the President then announced the hearing closed.

The Board next considered the adoption of a Resolution Authorizing Taxation of Tangible Personal Property in Transit. After discussion, Director Williams moved that that the attached Resolution Authorizing Taxation of Tangible Personal Property be adopted. Director Soileau seconded said motion, which carried unanimously.

The Board next considered the report on the District's water, sanitary sewer and storm sewer systems for the month of October 2011, a copy of which is attached hereto. In that regard, Mr. Rowe reported that the water accountability percentage for the month is 94.09%, that the District's facilities had been operating in compliance with their respective permits during the month and that there were no appeals received.

Mr. Rowe next reported that the meter on water well no. 3 was registering incorrectly and has been repaired. He noted that there was some gas found in the water, and has ordered a test to determine the amount of gas production.

Mr. Rowe next discussed the removal of dead trees at the wastewater treatment plant and reviewed estimates relative to same. A discussion then followed. After discussion, the Board requested Mr. Bordelon to confirm that the trees are located on District property and requested Mr. Rowe to confirm the number of trees and provide uniform proposals for consideration at the next Board meeting. After further discussion, the Board concurred that if there are any trees that present immediate danger to the property, those trees should be cut down immediately.

Mr. Rowe next reported that he can obtain storm sewer markers at no cost and that it will cost approximately \$5.00 each to install. The Board deferred taking any action.

Mr. Rowe next requested that the Board consider authorizing WDM to turn over three (3) delinquent accounts to Collections Unlimited of Texas ("CUT") for collection, in the total amount of \$451.72. After discussion on the matter, Director Soileau moved that WDM be authorized to turn over the three (3) subject accounts in the total amount of \$451.72 to CUT for collection, as set out above. Director Phelps seconded said motion, which unanimously carried.

Mr. Rowe next reported that the wastewater treatment plant has been pumped down and cleaned.

The Board next considered the status of fire hydrant testing within the District. In that regard, Mr. Rowe reported that the project will begin tomorrow.

The Board next considered the status of the North Harris County Regional Water Authority. In that regard, Mr. Bordelon advised that he had nothing new to report.

The Board next considered authorizing the design, advertisement for bids and/or award of construction contracts. In that regard, Mr. Bordelon presented a report relative to same, a copy of which is attached hereto.

The Board next considered approval of plans and specifications and authorization to advertise for bids relative to installation of auxiliary power at Water Plant No. 2. In that regard, Mr. Bordelon reported that A&S has commenced design and currently is trying to accommodate the generator footprint on the plant site.

Mr. Bordelon next reported that he will update the District's water and sanitary sewer overall maps.

The Board next considered the status of request to the TCEQ for waiver of elevated storage facility requirement, including status of the hydrology study and enforcement action and Agreed Order relative to same. In connection therewith, Mr. Bordelon advised that he has addressed comments and is waiting to receive a response from the TCEQ.

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 received.

The Board next considered the financial and investment reports and the invoices presented for payment. In connection therewith, Ms. Rochetti 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 Soileau, seconded by Director Phelps, and unanimously carried, the Board approved said reports, and authorized payment on the Operating Account being check nos. 15377 through 15430, inclusive, with check no. 15386 being voided, and on the Construction Account being check nos. 5558 through 5560, with check no. 5558 being voided, as set out in said report.

The Board next deferred consideration of a proposal from Acclaim Energy Advisors for completion of forms relative to SECO - Senate Bill 12 reporting.

The Board next considered approval of a Resolution of the Board of Directors Casting Its Ballot for the Election of a Person to the Board of Directors of the Harris County Appraisal District, a copy of said Resolution is attached hereto. After discussion on the matter, Director Phelps moved that the attached Resolution casting a vote for Glenn E. Peters to fill the position on the board of directors of the Harris County Appraisal District be approved and executed by the President and Secretary. Director Williams seconded said motion, which carried unanimously.

The Board next deferred discussion regarding request of Memorial Chase Homeowners Association that the District provide security services throughout the District.

The Board next considered matters for possible placement on future agendas.

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

/s/ John Soileau

John Soileau
Secretary

ATTACHMENTS

1. Tax Rate Analysis
2. Refunding Effects Analysis
3. Tax Assessor/Collector Reports
4. Ted Cox Report
5. Resolution Authorizing Taxation of Tangible Personal Property in Transit
6. Operators Report and related correspondence
7. Engineer's Report
8. Bookkeeper's Report
9. Resolution Casting Ballot for Election of a Person to the Board of Directors of the Harris County Appraisal District