

**HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 119**  
**Minutes of Board of Directors Meeting**  
**January 13, 2014**

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 January 13, 2014, 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:

Andrew R. Phelps, President  
John Soileau, Vice President  
William Manning, Secretary  
Robert Williams, Asst. Secretary/Treasurer  
Salvador Andrade, Director

and all of said members were present, thus constituting a quorum.

Also present were Anthony Lasky of Municipal Accounts & Consulting, L.P. ("MA&C"); Lauren Matson of Wheeler & Associates, Inc. ("W&A"); Troy Bordelon of A&S Engineers, Inc. ("A&S"); David Rowe of Water District Management Co. ("WDM"); David Marks of Marks Richardson PC ("MRPC") and Randy Jones of Spring Cypress 54.25 Investment, LLC.

The President called the meeting to order and declared it open for such business as might regularly come before it.

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 December 9, 2013. After review and discussion of the minutes presented, Director Williams moved that the minutes of the meeting held on December 9, 2013, be approved, as written. 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 December, a copy of which is attached hereto. Ms. Matson reported that 71.73% of the District's 2013 taxes had been collected and that 99.75% of the District's 2012 taxes had been collected through December 31, 2013. She then presented check nos. 3064 through 3068, inclusive, for payment and two wire transfers. After discussion of the report submitted, it was moved by Director Manning, seconded by Director Williams and unanimously carried that said report be approved and that check nos. 3064 through 3068, inclusive, be approved for payment, and two wire transfers, 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 Delinquent Collections Listing as of December 31, 2013, a copy of which is attached hereto. Ms. Matson next presented for the

Board's review and information a written report dated January 6, 2014, which had been prepared by the District's delinquent tax attorney, Ted A. Cox, P.C., a copy of which is attached hereto.

Mr. Marks next advised the Board that pursuant to Section 33.11 of the Property Tax Code, as amended, the Board is authorized to impose, under certain conditions, an additional penalty not to exceed twenty percent (20%) of the delinquent personal property taxes, penalty and interest due the District on taxes that become delinquent on or after February 1 of a year and that remain delinquent sixty (60) days after the date on which they become delinquent. He next advised the Board that pursuant to Section 33.07 of the Property Tax Code, as amended, the Board is authorized to impose, under certain conditions, an additional penalty not to exceed twenty percent (20%) of the total taxes, penalty and interest due the District on taxes become delinquent on or after February 1 of a year but not later than May 1 of that year and that remain delinquent on July 1 of the year in which they become delinquent. He further advised the Board that, pursuant to Section 33.08 of the Property Tax Code, the Board is authorized to impose, under certain conditions, an additional penalty on taxes that become delinquent on or after June 1 of a year. Mr. Marks discussed the penalties in detail and presented a Resolution in connection therewith. After discussion on the matter, Director Manning moved that the Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes, a copy of which is attached hereto, be adopted by the Board and District. Director Williams seconded said motion, which unanimously carried.

The Board next considered the report on the District's water, sanitary sewer and storm sewer systems for the month of December 2013, a copy of which is attached hereto. In connection therewith, Mr. Rowe reported that that the water accountability percentage for the month is 99.40% and that the District's facilities operated in compliance with their respective permits during the month.

Mr. Rowe next reported that there were no appeals received during the month.

Mr. Rowe next reported that the vent door at the wastewater treatment plant had been installed.

Mr. Rowe next reported that the rotor strainer spiral assembly replacement is complete.

Mr. Rowe next reported that the anode system is still pending.

Mr. Rowe next reported that the valve survey is still in progress.

Mr. Rowe next reported that he is still waiting on Harris County's permit to complete the street repairs.

Mr. Rowe next reported that he received correspondence from Harris County regarding the detention pond permit for the Homeowners Association pond. He stated that there was no action required at this time unless the County found ownership of the pond to be by the District, and that if the District does own the pond, then the permit would need to be renewed and notice be sent to the Homeowners Association to take care of the pond.

Mr. Rowe next reported that the security system is now working properly and that he received revised invoices today relative to billing for the amplifier for the generator communication and for the new sirens due to the original installation not working properly but that he will consult with Director Soileau before he submits payment.

Mr. Rowe next requested that the Board consider authorizing WDM to turn over four (4) delinquent accounts to Collections Unlimited of Texas ("CUT") for collection, in the total amount of \$273.57, and to write-off one (1) delinquent account in the total amount of \$11.33. After discussion on the matter, Director Manning moved that WDM be authorized to turn over the four (4) subject accounts in the total amount of \$273.57 to CUT for collection and to write-off the one (1) subject account in the total amount of \$11.33, as set out above. Director Williams seconded said motion, which unanimously carried.

Mr. Rowe next reported that 36.5% of all customer service payments were made on-line last month.

Mr. Rowe next presented the attached correspondence received from the American Water Works Association relative to the passage of HR3588 Bill regarding the exemption of fire hydrants from compliance with the Reduction of Lead in Drinking Water Act.

Mr. Rowe next reported that the on demand power was activated on January 6<sup>th</sup>, and has worked well with the District's system.

The Board next considered authorizing the operator to provide the required information to districts receiving water through emergency water interconnects relative to Consumer Confidence Reports. After discussion, Director Manning made a motion to authorize WDM to provide the required information. Director Williams seconded said motion, which unanimously carried.

There next followed a discussion regarding the future of Water Plant No. 1, including review of the cost comparison relative to decommissioning or rehabilitation of the plant. In that regard, Mr. Bordelon stated that he is currently working on the cost estimates.

The Board next deferred the acceptance of access easement to serve Water Plant No. 1 until the next Board meeting.

The Board next considered the status of the North Harris County Regional Water Authority. In that regard, Mr. Bordelon stated that he had nothing new to report to the Board this month and that he has not yet received a response from Mr. Rolon.

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 review of bids and award of contract for additional hydropneumatic tank at Water Plant No. 3. In that regard, Mr. Bordelon reported that A&S received verbal approval from the TCEQ and that he is waiting to receive the TCEQ's written approval but that he will proceed with bidding the project this week.

The Board next considered the status of contract with Paskey Incorporated ("Paskey") for construction of detention pond to serve Stonebrook Estates. In connection therewith, Mr. Bordelon recommended that the Board concur in the payment of Pay Estimate No. 2 in the amount \$126,621.59 by the developer. After discussion on the matter, Director Manning made a motion that the Board concur in payment of Pay Estimate No. 2 by the developer to Paskey, as set out above. Director Andrade seconded said motion, which unanimously carried.

The Board next considered the status of contract with Paskey for water, sanitary sewer and drainage facilities to serve Stonebrook Estates, Section 1. In that regard, Mr. Bordelon recommended that the Board concur in the payment of Pay Estimate No. 1 in the amount \$60,325.68 by the developer. After discussion on the matter, Director Manning made a motion that the Board concur in payment of Pay Estimate No. 1 by the developer to Paskey, as set out above. Director Andrade seconded said motion, which unanimously carried.

The Board next considered the status of preparation of the water system model. In connection therewith, Mr. Bordelon reported that A&S received verbal approval from the TCEQ.

The Board next considered the status of use of the District's power of eminent domain to acquire a 0.0241 acre easement for a sanitary sewer line and a 0.0101 acre easement for a water line required in connection with the District's Stonebrook Estates project. In connection therewith, Mr. Marks reported that the condemnation attorney has stated that the judgment has been entered. After discussion, the Board concurred that the item be removed from the agenda.

The Board next considered a report regarding the status of the development of property within the District. In connection therewith, Mr. Jones reported that the sanitary sewer construction is complete, that 90% of the drainage facilities are complete and that construction of the water facilities will begin soon. He stated that the plat will be recorded this week and that home construction will begin in March or April with pricing in the range of \$300,000 to \$500,000.

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, Mr. Lasky 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 MA&C, 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. 16572 through 16630, inclusive, and payment on the Capital Projects Account being check no. 5588, inclusive, as set out in said report.

The Board next deferred consideration of proposal relative to renewal of the District's insurance coverage for term expiring March 31, 2014, until the next Board meeting.

The Board next considered matters for possible placement on future agendas. In connection therewith, Mr. Marks presented the attached correspondence received from Enhanced Energy Services of America, LLC. After discussion, the Board concurred that no action be taken at this time.

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

/s/ William Manning

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William Manning  
Secretary

ATTACHMENTS  
January 13, 2014 Meeting

1. Tax Assessor/Collector Reports
2. Delinquent Tax Report
3. Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes
4. Operator's Report and related correspondence
5. Engineer's Report and related correspondence
6. Bookkeeper's Report
7. Enhanced Energy Services of America, LLC correspondence