

**HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 119**  
**Minutes of Board of Directors Meeting**  
**February 10, 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 February 10, 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, except Directors Soileau and Manning, 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 January 13, 2014. After review and discussion of the minutes presented, Director Williams moved that the minutes of the meeting held on January 13, 2014, be approved, as written. Director Andrade 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. Matson reported that 92.72% of the District's 2013 taxes had been collected through January 31, 2014. She then presented check nos. 3069 through 3081, inclusive, for payment and two wire transfers. After discussion of the report submitted, it was moved by Director Williams, seconded by Director Andrade and unanimously carried that said report be approved and that check nos. 3069 through 3081, 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 January 31, 2014, a copy of which is attached hereto. Ms. Matson next presented for the Board's review

and information a written report dated February 3, 2014, 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 deferred adoption of Resolution granting exemptions from taxation for 2014 until the next Board meeting.

The Board next considered the report on the District's water, sanitary sewer and storm sewer systems for the month of January 2014, a copy of which is attached hereto. In connection therewith, Mr. Rowe reported that the water accountability percentage for the month is 91.40% and that the District's facilities operated in compliance with their respective permits during the month.

Mr. Rowe next reported that correspondence was received from A.W. Wendt requesting forgiveness relative to a \$25.00 insufficient check fee. After discussion, Director Williams made a motion to waive the fee. Director Andrade seconded said motion, which unanimously carried.

Mr. Rowe next reported that the anodes project at Water Plant No. 2 is complete.

Mr. Rowe next reported that the plans for the roadway repairs following the water line repairs have been approved and will be completed later this week at a total cost of approximately \$12,000.

Mr. Rowe next reported that the security system is working well.

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 \$143.83, and to write-off two (2) delinquent accounts in the total amount of \$18.51. After discussion on the matter, Director Andrade moved that WDM be authorized to turn over the two (2) subject accounts in the total amount of \$143.83 to CUT for collection and to write-off the two (2) subject accounts in the total amount of \$18.51, as set out above. Director Williams seconded said motion, which unanimously carried.

Mr. Rowe next reported that the on demand power was activated on January 30<sup>th</sup>, and all has worked well with the District's system.

Mr. Rowe next reported that water well nos. 2 and 3 testing results were received and both wells are in good condition.

The Board next considered adoption of water conservation goals in connection with the District's participation in the Water Smart Program. In that regard, Mr. Rowe reported that the goals are the same as last year. After discussion, Director Williams made a motion to adopt the water conservation goals for the District. Director Andrade 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 presented and reviewed the attached preliminary cost estimates for the

Board's consideration. A discussion then followed relative to spending approximately \$10,000 to inspect the well before making a decision. After discussion, the Board concurred to defer taking any action on the matter until the next meeting.

The Board next considered the status of the North Harris County Regional Water Authority ("NHCRWA"). In that regard, Mr. Marks presented the attached correspondence received from the NHCRWA regarding rate increases effective April 1, 2014, and public notification of a reporting violation.

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 recommended that the Board award the contract to the low bidder, Schier Construction ("Schier"), in the amount of \$107,000.00 for said project. A discussion the followed regarding collection of funds from the developer. After discussion, the Board concurred to collect funds from the developer as pay estimates are approved, and to not require escrow deposit of the full contract amount. After further discussion, Director Phelps made a motion to approve the award of contract to Schier, as set out above. Director Williams seconded said motion, which unanimously carried.

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. 3 in the amount of \$67,629.37 by the developer. After discussion on the matter, Director Williams made a motion that the Board concur in payment of Pay Estimate No. 3 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. 2 in the amount of \$318,509.16 by the developer. After discussion on the matter, Director Williams 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 preparation of the water system model. In connection therewith, Mr. Bordelon reported that A&S received verbal approval from the TCEQ and that he is awaiting written approval for same. After discussion, the Board concurred that the item be removed from the agenda.

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

The Board next deferred the annual review of the Resolution Adopting Prevailing Wage Rate Scale for Construction Projects until the next Board meeting.

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 paving contract has been executed, the utilities will be tested on Thursday, that the traffic signal contract has been executed and that the plat has been submitted and hopes to sell lots by early April.

Mr. Bordelon next reported that he received preliminary plans for the triangle tract located on Spring Cypress and provided comments to same.

A discussion then followed regarding proposed annexation of land for development of an apartment complex by AMCAL Multi-Housing, Inc. located on Cossey Road. Mr. Bordelon next reviewed the proposed request with the Board. After discussion, the Board concurred to defer taking any action on the matter at this time as there was not a representative of the development group present at the meeting.

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 Andrade, and unanimously carried, the Board approved said reports, and authorized payment on the Operating Account being check nos. 16627 through 16686, inclusive, with check no. 16629 being voided, as set out in said report.

Mr. Marks next advised the Board that provisions of the Public Funds Investment Act require the Board of Directors of the District to review, revise and adopt at least annually a list of qualified brokers authorized to engage in investment transactions with the District. In that regard, he reviewed with the Board a Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District, and a list of financial institutions, brokers and dealers attached thereto as Exhibit "A". Mr. Marks recommended to the Board that if any of the directors have a relationship with any of the institutions shown on the list that could create a conflict of interest, then that institution(s) should be deleted from the list that the Board adopts. After discussion, Director Williams moved that the attached Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District be approved by the Board. Director Andrade seconded said motion, which unanimously carried.

The Board next considered proposal relative to renewal of the District's insurance coverage for term expiring March 31, 2014. In connection therewith, Mr. Marks distributed renewal proposals received from Highpoint Insurance Group, LLC ("Highpoint") relative to property, comprehensive boiler and machinery, commercial general liability and hired car and non ownership automobile liability, pollution liability, directors and officers liability, umbrella, public employee blanket crime, directors position schedule bond, tax assessor/collector bond, worker's compensation, and business travel coverage scheduled to expire on March 31, 2015. After discussion on the matter, Director Williams moved that the proposal received from Highpoint for all coverage's set out above, be approved, and that the President be authorized to

execute same on behalf of the Board and District. Director Andrade seconded said motion, which unanimously carried.

The Board next deferred discussion regarding the District's participation in the Cypress Creek Trails project until the next Board meeting.

The Board next considered approval of proposal by Boy Scouts of America relative to installation of bench located at west end of detention pond in Memorial Springs. In connection therewith, Mr. Rowe reviewed the attached proposal with the Board. After discussion, Director Williams made a motion to approve the Boy Scouts of America project proposal. Director Andrade seconded said motion, which unanimously carried.

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

The Board next considered the calling of a Directors Election to be held on May 10, 2014, determining the procedure for giving notice of same, and the adoption of an Order in connection therewith. Mr. Marks presented the Order calling such election to be held on May 10, 2014, noting that the terms of office of Directors Soileau, Manning and Williams will expire in May 2014. Mr. Marks advised the Board that notice of the election could be given by one or more of the following methods: (1) publishing the notice in a newspaper published in the territory of the District or of general circulation in the District at least ten (10) days before the election, but not more than thirty (30) days before; (2) posting the notice at a public place in the District at least twenty-one (21) days before the election; or (3) mailing the notice to each registered voter in the District at least ten (10) days before the election. Mr. Marks further advised that, in addition to the above, notice must be posted at the location used for posting notices of the meetings at least twenty-one (21) days before the election. Mr. Marks explained that, pursuant to Senate Bill 902 passed by the Texas Legislature in the 83rd Regular Session, 2013, the District has the option to utilize paper ballots without the use of electronic voting equipment, and that, if the District chooses to utilize only paper ballots, that notice of same must be published by the District at least 75 days prior to the date of the election. After discussion, Director Williams made a motion to: 1) adopt the Order Calling Director Election as set forth above, 2) to utilize only paper ballots without the use of electronic voting equipment during the period for early voting by personal appearance and on Election Day, and to publish the required notice relative to same as required by Senate Bill 902, and 3) to give notice of the election by posting at a public place in the District and by posting at the location where notices of the meetings are posted. Director Andrade seconded said motion which passed unanimously.

Mr. Marks next advised the Board that an agent should be appointed to perform election duties in connection with the Directors Election. After discussion on the matter, Director Williams moved that the Notice of Appointed Agent appointing the law office of Marks Richardson PC as agents be adopted, that the President or Vice President and Secretary or Assistant Secretary be authorized to execute the Notice on behalf of the Board and the District, and that the attorneys of the District be instructed to handle the mechanics of said election. Director Andrade seconded said motion which unanimously carried.

The Board next considered the compensation to be paid to the election officials. After discussion on the matter, Director Williams made a motion to authorize the election officials to receive \$15.00 per hour to work the election. Director Andrade seconded said motion, which carried unanimously.

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

/s/ Robert Williams

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Robert Williams  
Assistant Secretary

ATTACHMENTS  
February 10, 2014 Meeting

1. Tax Assessor/Collector Reports
2. Delinquent Tax Report
3. Operator's Report and related correspondence
4. Preliminary Cost Estimates – Water Plant No. 1
5. North Harris County Regional Water Authority correspondence
6. Engineer's Report and related correspondence
7. Bookkeeper's Report
8. Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District
9. Boy Scouts of America project proposal