

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 119
Minutes of Board of Directors Meeting
May 12, 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 May 12, 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 Director Andrade, thus constituting a quorum.

Also present were Anthony Lasky of Municipal Accounts & Consulting, L.P. ("MA&C"); Lauren Davis 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 April 14, 2014. After review and discussion of the minutes presented, Director Williams moved that the minutes of the meeting held on April 14, 2014, be approved, as written. Director Soileau seconded said motion, which unanimously carried.

The Board next deferred acceptance of Qualification Statements, Oaths of Office, Certificates Not to Disclose Personal Information and Certificates of Election for re-elected directors until later in the Board meeting.

The Board next deferred election of officers of Board of Directors until later in the Board 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 April, a copy of which is attached hereto. Ms. Davis reported that 98.54% of the District's 2013 taxes had been collected through April 30, 2014. After review and discussion of the reports presented, Director Soileau moved that the Board approve said reports and authorize payment on the Tax Account, being check nos. 3103 through 3108, inclusive, and one wire

transfer, as identified in said tax assessor collector's report. Director Manning seconded said motion, which carried unanimously.

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. Davis presented for the Board's review and information a Delinquent Collections Listing as of April 30, 2014, a copy of which is attached hereto. Ms. Davis next presented for the Board's review and information a written report dated May 6, 2014, 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. Davis next reported that Cox recommended that the Board move the Mark Cook account, Big Knock and Tim Singleton account, L.J. Woods and LJ Woods Roofing account and T.O.T.B., Inc. account to the uncollectible accounts. After discussion, Director Soileau made a motion to move the four accounts, as set out above, to the District's uncollectible accounts. Director Manning 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 April 2014, a copy of which is attached hereto. In connection therewith, Mr. Rowe reported that the water accountability percentage for the month is 96.07% and that the District's facilities operated in compliance with their respective permits during the month.

Mr. Rowe next reported relative to the Doyle account, the customer has requested a higher amount be credited to the account. After discussion, the Board concurred to remain with the offer approved at last month's meeting to offer the customer an adjustment to the total bill in the amount of \$681.34, resulting in a total bill due of \$540.45.

Mr. Rowe next reported that the lift station pump at the wastewater treatment plant is on line.

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 \$278.49, and to write-off one (1) delinquent account in the total amount of \$5.10. After discussion on the matter, Director Soileau moved that WDM be authorized to turn over the two (2) subject accounts to CUT for collection in the total amount of \$278.49, and to write-off the one (1) subject account in the total amount of \$5.10, as set out above. Director Williams seconded said motion, which unanimously carried.

The Board next considered the approval of the Consumer Confidence Report ("CCR") and authorizing the distribution of same to District residents. After discussion on the matter, Director Soileau moved that said CCR be approved and distributed to consumers in the District, subject to review by MRPC. Director Williams seconded said motion, which carried unanimously.

The Board next deferred approval of Amendment to Agreement with Water District Management Co., Inc. until next month's Board meeting.

The Board next deferred approval of agreement with Trinity Wastewater Solutions until later in the Board meeting.

A discussion then followed regarding the future of Water Plant No. 1, including review of the cost comparison relative to decommissioning or rehabilitation of the plant. In connection therewith, Mr. Rowe reported that the subcontractor, Alsay Incorporated (“Alsay”), has had mobilization/egress problems and that WDM will make minor modifications so that Alsay will be able to access the site. After discussion, Director Soileau made a motion to authorize WDM to assist Alsay at a cost not to exceed \$3,000. Director Manning seconded said motion, which unanimously carried.

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.

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 the status of contract with Schier Construction (“Schier”) for additional hydropneumatic tank at Water Plant No. 3. In that regard, Mr. Bordelon reported that the Notice to Proceed was issued on March 21st and recommended that the Board approve Pay Estimate No. 1 in the amount of \$18,000. After discussion on the matter, Director Manning made a motion that the Board approve Pay Estimate No. 1 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 stated that there was nothing new to report at this time.

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 stated that there was nothing new to report at this time.

Mr. Bordelon next reported that RG Miller Engineers, the engineers for the Spring Cypress Triangle development, has requested authorization to advertise for bids. Mr. Bordelon stated that A&S has requested a copy of the approved plans prior to advertisement and that he will work with MRPC in connection with preparation of the required easements. After discussion, the Board concurred to approve RG Miller Engineers to advertise for bids, subject to receipt of the final approved plans and acceptance of the required easements.

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 Manning, seconded by Director Williams, and unanimously carried, the Board approved

said reports, and authorized payment on the Operating Account being check nos. 16772 through 16814, inclusive, with check no. 16776 being voided, as set out in said report.

The Board next considered the acceptance of the Oaths of Office ("Oaths"), Statements of Elected Officer ("Statements") and Election Not to Disclose Certain Information ("Election") for Directors Soileau, Manning and Williams. Directors Soileau, Manning and Williams took their respective Oaths and executed their respective Statements and Election. Mr. Marks advised that the Oaths of Directors Soileau, Manning and Williams will be filed with the Secretary of State in a timely manner. After discussion on the matter, it was moved by Director Soileau, seconded by Director Manning and unanimously carried that the Board accept said Oaths, Statements and Election for Directors Soileau, Manning and Williams 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 made a motion that all officers of the Board be re-elected to the positions that they currently hold. Director Williams seconded said motion, which unanimously carried.

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

The Board next considered approval of agreement with Trinity Wastewater Solutions. In connection therewith, Mr. Marks presented and reviewed a Sludge Management Agreement prepared for the Board's consideration. After discussion, Director Soileau made a motion to approve the Sludge Management Agreement with Trinity Wastewater Solutions and that the President be authorized to execute same on behalf of the Board and District. Director Manning seconded said motion, which unanimously carried.

The Board next deferred consideration of acceptance of site and/or easement conveyances for facilities constructed or to be constructed for the District.

The Board next considered a report regarding the status of the development of property within the District. In connection therewith, Mr. Jones requested the Board's approval for tap connections. After discussion, the Board concurred to approve the tap connections, subject to TCEQ inspection.

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

The Board next considered approval of Engagement Letter for Arbitrage Compliance Services relative to the District's \$6,580,000 Unlimited Tax Refunding Bonds, Series 2010. In that regard, Mr. Marks presented the attached engagement letter for the Board's approval. After discussion, Director Soileau made a motion to approve the engagement letter and that the President be authorized to execute same on behalf of the Board and District. Director Manning 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 matters for possible placement on future agendas.

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

/s/ William Manning

William Manning
Secretary

ATTACHMENTS
May 12, 2014 Meeting

1. Tax Assessor/Collector Reports
2. Delinquent Tax Report
3. Operator's Report and related correspondence
4. Engineer's Report and related correspondence
5. Bookkeeper's Report
6. Engagement Letter for Arbitrage Compliance Services - Series 2010 Bonds