

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 119
Minutes of Board of Directors Meeting
December 8, 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 December 8, 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 Manning, 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"); Randy Jones of Spring Cypress 54.25 Investment, LLC; 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.

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 November 8, 2014. After review and discussion of the minutes presented, Director Williams moved that the minutes of the meeting held on November 8, 2014, be approved, as written. Director Andrade seconded the motion, which unanimously carried.

The Board next considered the attached 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 November. Ms. Davis reported that 99.74% of the District's 2013 taxes and 5.55% of the District's 2014 taxes had been collected through November 30, 2014. After review and discussion of the reports, Director Soileau moved that the Board approve the reports and authorize payment on the Tax Account, being check nos. 3154 through 3158, inclusive, and two wires, as identified in the tax assessor collector's report. Director Williams seconded the 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. Ms. Davis presented for the Board's review and information the attached Delinquent Collections Listing as of November 30, 2014.

Ms. Davis next presented for the Board's review and information the attached written report dated December 2, 2014, which had been prepared by the District's delinquent tax attorney, Ted A. Cox, P.C. After discussion, Director Soileau made a motion to move the delinquent personal property accounts for First Data Merchants Services, 786 Cypress LLC, and F&S Corner Mart to the uncollectible roll. Director Williams seconded the motion, which unanimously carried.

The Board next considered the attached report on the District's water, sanitary sewer and storm sewer systems for the month of November 2014. Mr. Rowe reported that the water accountability percentage for the month is 88.40%. He next reported that the District's facilities operated in compliance with their respective permits during the month.

Mr. Rowe next presented the attached correspondence from Ms. Janet Mae Do requesting to install a wooden play structure in her back yard. Mr. Rowe stated that the area where the proposed structure is over a storm sewer easement and thus the Board would need to approve Consent to Encroachment for Ms. Mae Do. After discussion, Director Williams made a motion to approve Consent to Encroachment for Ms. Mae Do and authorize Mr. Marks to prepare same and the President to execute same on behalf of the District. Director Andrade seconded the motion, which carried unanimously.

Mr. Rowe next reported that Water Plant #2 booster pump bearings are faulty and that he is currently waiting to receive a second quote for repairs before presenting to the Board.

Mr. Rowe next reported that WDM will proceed with the routine maintenance of the cathodic protection at Water Plant No. 2.

Mr. Rowe next reported that the fire hydrant located at 9603 John Bah has a leak and that a new one will need to be installed. He stated that the cost for a new hydrant installation would be \$4,000. After discussion, Director Williams made a motion to authorize WDM to install the new hydrant, as set out above. Director Soileau seconded the motion, which carried unanimously.

Mr. Rowe next reported that the Stormwater Treatment Plant lift pump is under repair.

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 \$119.41 and to write-off five (5) delinquent accounts in the total amount of \$51.72, as outlined in the attached Collections List and Charged Off List. After discussion, Director Williams moved that WDM be authorized to turn over the two (2) subject accounts to CUT for collection and to write-off the five (5) subject accounts, as set out above. Director Andrade seconded the motion, which unanimously carried.

Mr. Rowe next requested authorization for Mr. Bordelon to update the District's overall utility maps.

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 amendment to the District's Rate Order until the next Board meeting.

A discussion then followed regarding the future of Water Plant No. 1, including review of cost comparisons relative to decommissioning or rehabilitation of the plant. Mr. Bordelon stated that he received an email from Mr. Rolen who stated that he will get back to us on the matter.

The Board next considered the status of the North Harris County Regional Water Authority ("NHCRWA"). Mr. Bordelon stated that he had nothing new to report.

The Board next considered authorizing the design, advertisement for bids and/or award of construction contracts. Mr. Bordelon presented the attached report relative to same.

The Board next considered the status of contract with Paskey Incorporated ("Paskey") for construction of detention pond to serve Stonebrook Estates. Mr. Bordelon stated he had nothing new to report to the Board.

The Board next considered the status of contract with Paskey for water, sanitary sewer and drainage facilities to serve Stonebrook Estates, Section 1. Mr. Bordelon stated he had nothing new to report to the Board.

The Board next considered the status of contract with Canyon Construction Company for water, sanitary sewer and drainage facilities to serve Spring Cypress Triangle, LP development. Mr. Bordelon stated that construction is ongoing.

The Board next deferred acceptance of site and/or easement conveyances for facilities constructed or to be constructed for the District, including acceptance of Special Warranty Deed and Conveyance of Drainage and Detention Facilities relative to Reserves A, B and C.

The Board next considered a report regarding the status of the development of property within the District. Mr. Jones addressed the Board and stated that the issues with Paskey have been resolved.

The Board next considered the issuance of utility commitments. Mr. Bordelon stated that he received an application for service for a strip center located in the Spring Cypress Triangle development and that he is working with the developer on same.

The Board next considered the financial and investment reports and the invoices presented for payment. 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, Director Williams made a motion to approve the reports and authorize payment on the Operating Account being check nos. 17099 through 17156,

inclusive, with check no. 17105 being voided, and one wire, as identified in the report. Director Phelps seconded the motion, which carried unanimously.

Mr. Lasky next reported that Compass Bank has raised their fees to \$18.00 per month.

The Board next considered the annual review of the District's Order Establishing Policy for Investment of District Funds and Appointing Investment Officer ("Order") and the adoption of a related Resolution. Mr. Marks advised that there are no proposed changes to the Order at this time and recommended that the current Order remain in effect. After discussion, Director Soileau made a motion to adopt the attached Resolution Regarding Review of Order Establishing Policy for Investment of District Funds and Appointing Investment Officer, and to authorize the President to sign and the Secretary to attest the Resolution on behalf of the Board and District. Director Williams seconded the motion, which unanimously carried.

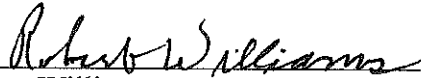
The Board next considered approval of amendment to garbage collection contract. Mr. Marks presented the attached correspondence received from Republic Services, Inc. stating that the District's waste rate will increase from \$12.40 to \$12.72 and that the recycle rate will increase from \$2.97 to \$3.05. After discussion, Director Soileau made a motion to approve the rate increase in the total amount of \$0.40. Director Andrade seconded the motion, which unanimously carried.

The Board next considered a discussion regarding the possible sale of groundwater credits. Mr. Marks reported that MRPC made offers to New Orleans Cold Storage and Eastex Forest Products on behalf of the Board and District and that they are currently waiting to hear back from both companies.

The Board next considered the review of the report prepared by McCall, Parkhurst & Horton L.L.P. ("McCall") relative to District filings and potential disclosure issues and the Municipalities Continuing Disclosure Cooperation Initiative. Mr. Marks reviewed the attached report with the Board and noted that the report reflects that the District is in compliance and that no further action is required.

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.


Robert Williams, Asst. Secretary

ATTACHMENTS
December 8, 2014

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. Resolution Regarding Review of Investment Policy
7. Correspondence from Republic Services, Inc.
8. MCDC Report from McCall, Parkhurst, & Horton