

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 119
Minutes of Board of Directors Meeting
January 12, 2015

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 12, 2015 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"); Dwayne Rowe and 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 December 8, 2014. After review and discussion of the minutes, Director Soileau made a motion to approve the minutes of the meeting held on November 8, 2014, as written. Director Manning seconded the motion, which carried unanimously.

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 December. Ms. Davis reported that 99.75% of the District's 2013 taxes and 72.53% of the District's 2014 taxes had been collected through December 31, 2014. After review and discussion of the reports, Director Manning made a motion to approve the reports and authorize payment on the Tax Account, being check nos. 3159 through 3166, inclusive, and two wires, as identified in the tax assessor collector's report. Director Soileau 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 December 31, 2014.

Ms. Davis next presented for the Board's review and information the attached written report dated December 30, 2014, which had been prepared by the District's delinquent tax attorney, Ted A. Cox, P.C.

The Board next considered the adoption of a Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes. Mr. Marks advised that the Board is authorized pursuant to Section 33.11 of the Texas Tax Code, as amended, to impose, under certain conditions, an additional penalty not to exceed twenty percent (20%) of the delinquent personal property taxes due to the District that became delinquent on or after February 1 of a year and that remain delinquent sixty (60) days after the date on which they become delinquent. After discussion, Director Williams made a motion to adopt the attached Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes and to authorize Ted A. Cox, P.C. to proceed with the collection of the District's 2015 delinquent personal property accounts following proper notice as provided in the Resolution, including the filing of lawsuits, as necessary. Director Manning seconded the motion, which carried unanimously.

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 had nothing new to report.

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 he received Pay Application No. 1 in the amount of \$95,783.94, Pay Application No. 2 in the amount of \$79,053.83, and Pay Application No. 3 and Final in the amount of \$9,201.00, and recommended that the Board concur in the payments of same by the Developer. He next presented the attached letter of completion and reported that he had received the engineer's certificate of completion and as built plans, and recommended that the Board consider the acceptance of same and that the item be taken off the agenda. After discussion on the matter, Director Soileau moved that the Board concur in the payment of said Pay Application No. 1, Pay Application No. 2, and Pay Application No. 3 and Final by the developer, and to

accept the project as complete, as set out above. Director Manning seconded the motion, which carried unanimously.

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 reported on his projects.

The Board next considered the issuance of utility commitments. Mr. Bordelon stated that he had none to report at this time.

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 Soileau made a motion to approve the reports and authorize payment on the Operating Account being check nos. 17155 through 17200, inclusive, as identified in the report. Director Williams seconded the motion, which carried unanimously.

The Board next considered the acceptance of the resignation of Director Williams as Investment Officer of the District including the adoption of an Order Establishing Policy for Investment of District Funds and Appointing Investment Officer ("Order") and the adoption of a related Resolution. After discussion, Director Soileau made a motion to keep Director Williams as Investment Officer of the District and to designate Mark M. Burton of MA&C as an Investment Officer as well, to adopt a new Order Establishing Policy for Investment of District Funds and Appointing Investment Officer in regards to same, and to authorize the President to sign and the Secretary to attest the Resolution on behalf of the Board and District. Director Manning seconded the motion, which carried unanimously.

The Board next considered a review of the District's Code of Ethics and other Policies. After discussion, the Board unanimously concurred to make no changes to the Code of Ethics.

The Board next considered a discussion regarding the possible sale of groundwater credits. Mr. Marks reported that he had nothing new to report.

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.

The Board next considered the attached report on the District's water, sanitary sewer and storm sewer systems for the month of December 2014. Mr. David Rowe reported that that the

water accountability percentage for the month is 93.27%. He next reported that the District's facilities operated in compliance with their respective permits during the month.

Mr. David Rowe next reported that repair of the Water Plant #2 booster pump is on hold until evaluated further.

Mr. David Rowe next reported that the lift pumps at the Memorial Falls lift station are failing and are in need of replacement. He stated that one is currently out and that the other leaks. Mr. David Rowe stated that one can be replaced at an approximate cost of \$20,350 and that both can be replaced for an approximate cost of \$39,000. After discussion, Director Soileau made a motion to authorize WDM to replace both pumps, as set out above. Director Williams seconded the motion, which carried unanimously.

Mr. David Rowe next reported that blower #1 at the Wastewater Treatment Plant will have the bearings replaced at a cost of \$1,500 and that if the housing needs to be replaced it will cost an additional \$800. He stated that the Board can chose to repair the existing motor at a cost of \$4,500, replace it with a Toshiba motor for \$4,600, or replace it with a Baldor motor for \$6,500. Mr. David Rowe stated that the Baldor motor is the better motor and recommended that as the best option. After discussion, Director Soileau made a motion to authorize WDM to replace the motor with a Valdor motor, as set out above. Director Manning seconded the motion, which carried unanimously.

Mr. David Rowe next requested that the Board consider authorizing WDM to turn over five (5) delinquent accounts to Collections Unlimited of Texas ("CUT") for collection, in the total amount of \$453.14 and to write-off one (1) delinquent account in the total amount of \$3.32, as outlined in the attached Collections List and Charged Off List. After discussion, Director Williams moved that WDM be authorized to turn over the five (5) subject accounts to CUT for collection and to write-off the one (1) subject account, as set out above. Director Manning seconded the motion, which unanimously carried.

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

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.


Secretary, Board of Directors

ATTACHMENTS

January 12, 2015

1. Tax Assessor/Collector Reports
2. Delinquent Tax Report
3. Resolution Authorizing Additional Penalty on Delinquent Personal Property Taxes
4. Engineer's Report and related correspondence
5. Bookkeeper's Report
6. Operator's Report and related correspondence

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