

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 119
Minutes of Board of Directors Meeting
February 9, 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 February 9, 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, 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; Karen Sears of Acclaim Energy Advisors ("Acclaim"); Bhavin Patel of Save On Energy ("SOE"); 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 January 12, 2015. After review and discussion, Director Manning made a motion to approve the minutes of the meeting held on January 12, 2015, as written. Director Soileau seconded the motion, which carried unanimously.

The Board next deferred considering presentations relative to electricity contracts until later in the meeting.

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 January. Ms. Davis reported that 91.30% of the District's 2014 taxes had been collected through January 31, 2015. After review and discussion of the reports, Director Williams made a motion to approve the reports and authorize payment on the Tax Account, being check nos. 3167 through 3173, inclusive, and two wires, as identified in the tax assessor collector's report. Director Manning 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 January 31, 2015.

Ms. Davis next presented for the Board's review and information the attached written report dated February 3, 2015, which had been prepared by the District's delinquent tax attorney, Ted A. Cox, P.C.

The Board next considered granting exemptions from taxation for 2015. Mr. Marks outlined for the Board the various tax exemptions available for the District, including the exemptions provided for by Article VIII, Section 1-b of the Texas Constitution, and Sections 11.13 and 11.184 of the Property Tax Code. After discussion, Director Manning made a motion that the District (a) not grant a residential homestead exemption, (b) grant an exemption in the amount of \$15,000 for persons who are under a disability for purposes of payment of disability insurance benefits under Federal Old-Age, Survivors, and Disability Insurance or sixty-five years of age or older, and (c) not grant an exemption for qualified charitable organizations from ad valorem taxes levied by the District during the calendar year 2015, and to approve and adopt the attached Resolution relative to same. Director Andrade seconded the motion, which carried unanimously.

The Board next considered the attached report on the District's water, sanitary sewer and storm sewer systems for the month of January. Mr. David Rowe reported 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 the fire hydrant located at 9527 Kilrenny was replaced due to leaking.

Mr. David Rowe next reported that the replacement lift pumps for the Memorial Falls lift station have been ordered by NTS Construction.

Mr. David Rowe next reported that the replacement Baldor motor for the blower #1 at the Wastewater Treatment Plant has been purchased and that the blower bearing repair is on hold pending the receipt of an additional quote.

Mr. David Rowe next requested that the Board consider authorizing WDM to turn over one (1) delinquent account to Collections Unlimited of Texas ("CUT") for collection, in the total amount of \$29.12 and to write-off two (2) delinquent accounts in the total amount of \$28.29, as outlined in the attached Collections List and Charged Off List. After discussion, Director Manning made a motion to authorize WDM to turn over the one (1) subject account to CUT for collection and to write-off the two (2) subject accounts, as set out above. Director Williams seconded the motion, which unanimously carried.

Mr. David Rowe next presented three (3) different possible water bill inserts relative to various water conservation and wastewater practices. He recommended that the Board authorize WDM to include said inserts in the District's water bills for a period of three (3) months and

stated that WDM could purchase said inserts at a price of \$105 per 1,000 inserts. After discussion, Director Soileau made a motion to authorize WDM to purchase the inserts and include them in District water bills, as set out above. Director Manning seconded the 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 amendment to the District's Rate Order until the next Board meeting.

The Board next considered adoption of water conservation goals in connection with the District's participation in the Water Smart Program. Mr. David Rowe reported that the goals are the same as last year. After discussion, the Board unanimously concurred to make no changes to the District's goals at this time.

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 had nothing new to report to the Board.

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

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

The Board next considered a report regarding the status of the development of property within the District. Mr. Jones stated that 29 total lots have been sold.

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, Director Manning made a motion to approve the reports and authorize payment on the Operating Account being check nos. 17201 through 17240, inclusive, as identified in the report. Director Williams seconded the motion, which carried unanimously.

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. 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", a copy of Exhibit "A" is attached hereto. 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 Soileau made a motion to approve the Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District. Director Williams seconded the motion, which unanimously carried.

The Board next considered proposal relative to renewal of the District's insurance coverage for term expiring March 31, 2015. 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, 2016. He noted that the premium increased by \$1,121 due to a \$174,500 property value increase. After discussion, Director Soileau made a motion to approve the proposal received from Highpoint for all coverage's set out above, and to authorize the President to execute same on behalf of the Board and District. Director Williams seconded the motion, which unanimously carried.

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 considered matters for possible placement on future agendas. Mr. Marks reported that the District received Notice of Meeting correspondence from the Harris County Appraisal District ("HCAD"). After discussion the Board unanimously concurred to direct MRPC to file any and all Notice of Meeting correspondence from HCAD.

Ms. Sears entered the meeting at this time.

The Board next considered presentations relative to electricity contracts. Ms. Sears reviewed the status of the District's current electricity contract with the Board and noted that that is one year left. She stated that the District has the opportunity to lock in a low rate and extend the contract. Ms. Sears reviewed the attached proposal with the Board and noted that MP2 Energy ("MP2") is currently offering the best rates at \$0.0457 kw/hour for a 24 month contract or \$0.0468 kw/hour for a 36 month contract. She noted that these rates are inclusive of any fees.

Ms. Sears left the meeting at this time.


Mr. Patel entered the meeting at this time

Mr. Patel introduced himself to the Board and presented the attached pricing analysis. He reported that Liberty Power is currently offering the best rates at \$0.04958 kw/hour for a 36 month contract.

Mr. Patel exited the meeting at this time.

The Board next discussed both proposals. After discussion, Director Manning made a motion to approve a contract through Acclaim between the District and MP2 for a term of 36 months. Director Soileau seconded the motion, which carried unanimously.

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


Secretary, Board of Directors

ATTACHMENTS

February 9, 2015

1. Tax Assessor/Collector Reports
2. Delinquent Tax Report
3. Resolution Concerning Exemptions from Taxation
4. Operator's Report and related correspondence
5. Engineer's Report
6. Bookkeeper's Report
7. List of Authorized Brokers
8. Acclaim Energy Advisors Proposal
9. SaveOn Energy Quote for Service