

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 119
Minutes of Board of Directors Meeting
August 17, 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 August 17, 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 Phelps and 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"); Randy Jones of Spring Cypress 54.25 Investment, LLC; Sherri Greenwood of BKD, LLP; and David Marks of Marks Richardson PC ("MRPC").

Due to the absence of the President, the Vice 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 July 13, 2015. After review and discussion, Director Manning made a motion to approve the minutes of the meeting held on July 13, 2015, as written. Director Soileau seconded the motion, which carried unanimously.

The Board next considered the approval of an audit report for the fiscal year ended April 30, 2015. Ms. Greenwood reviewed the attached draft audit report and management letter prepared by BKD, LLP. After discussion, Director Manning made a motion to approve the audit report, to authorize the Vice President to execute the Annual Filing Affidavit on behalf of the Board and District, and to file the audit report and Annual Filing Affidavit with the appropriate governmental authorities, including the TCEQ. Director Williams 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 July. Ms. Davis reported that 99.30% of the District's 2014 taxes had been collected

through July 31, 2015. 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. 3223 through 3227, inclusive, 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 July 31, 2015.

Ms. Davis next presented for the Board's review and information the attached written report dated August 4, 2015, which had been prepared by the District's delinquent tax attorney, Ted A. Cox, P.C. ("Cox"). Ms. Davis reported that Cox recommended that the Board move the Texas Commercial One Cleaning account to the uncollectible accounts, as set out on the report. After discussion, Director Manning made a motion to move the Texas Commercial One Cleaning account to the District's uncollectible accounts. Director Soileau 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 July. Mr. Rowe reported that the water accountability percentage for the month is 96.58%. He next reported that the District's facilities operated in compliance with their respective permits during the month.

Mr. Rowe next reported that WDM expects to receive the new pump for the on-site lift station by the end of September.

The Board next considered discussion on the future of Water Plant No. 1, including review of cost comparisons relative to decommissioning or rehabilitation of the plant. No one present had anything 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 authorizing the preparation of plans and specifications for water, sanitary sewer, and drainage facilities to serve Stonebrook Estates, Section 2. After discussion, Director Soileau made a motion to authorize A&S to prepare plans and specifications for water, sanitary sewer, and drainage facilities to serve Stonebrook Estates, Section 2. Director Williams seconded the motion, which carried unanimously.

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 deferred the 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. Mr. Jones stated that Stonebrook Estates, Section 1 has sold 40 lots and that the plat for Section 2 has been approved. He noted that Paskey met on site and that they will fix the outfalls. Mr. Jones further stated that New Mark homes have sold for an average price of \$511,000 and that he estimates the current value on the ground to be \$24,000,000.

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

Mr. Lasky next 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. 17487 through 17543, inclusive, with check nos. 17489 and 17492 being voided, as identified in the report. Director Williams seconded the motion, which carried unanimously.

The Board next considered a Legislative Update from the 84th Texas Legislature. Mr. Marks reviewed the attached Legislative Update and summarized the recently enrolled legislation that may impact the District.

The Board next considered matters for possible placement on future agendas. Mr. Marks presented the attached correspondence relative to Grow Northwest. After discussion, the Board concurred to take no action at this time.

The Board next requested that an item be placed on the next agenda to authorize the District's consultants to proceed with drafting an application report for the next bond issue.

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


Secretary, Board of Directors

ATTACHMENTS

August 17, 2015

1. Draft Audit Report and related correspondence
2. Tax Assessor/Collector Reports
3. Delinquent Tax Report
4. Operator's Report and related correspondence
5. Engineer's Report
6. Bookkeeper's Report
7. Update of 84th Legislature
8. Grow Northwest Correspondence