

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 119  
Minutes of Board of Directors Meeting  
September 14, 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 September 14, 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"); Justin Edwards of A&S Engineers, Inc. ("A&S"); David Rowe of Water District Management Co. ("WDM"); Randy Jones of Spring Cypress 54.25 Investment, LLC; Jacqueline Frois, resident in the District; and Lindsey Eubank of Marks Richardson PC ("MRPC").

As the first order of business, the Board considered comments from members of the public. Ms. Frois addressed the Board and stated that her recent water bill jumped from 1,000-5,000 gallon per month usage to 119,000 gallons with a cost of \$724.00. She stated that she has a sprinkler system in her yard but has not noticed any leaks or wet spots and that she had a plumber come and check the system and the home for leaks. She further noted that many of her neighbors have complained about their water bills double or tripling in cost and usage. Mr. Rowe recommended running a gallon per minute test and stated that he will visit her residence to investigate possible causes. After discussion, Director Williams made a motion to authorize WDM to put Ms. Frios' account into abeyance until the matter is investigated further. Director Manning seconded the motion, which carried unanimously.

Mr. Rowe next stated that WDM received two additional complaints from residents in the District regarding high water bills. After discussion, the Board concurred to authorize WDM to put those subject accounts into abeyance until the meeting in October.

The Board next reviewed and considered the approval of the minutes of the meeting held on August 17, 2015. After review and discussion, Director Williams made a motion to approve the minutes of the meeting held on August 17, 2015, as written. Director Manning seconded the motion, which carried unanimously.

The Board next considered a cost summary and financial analysis and authorizing the preparation of a Bond Application Report relative to the District's proposed Series 2016 Bonds. Mr. Edwards reviewed the attached draft cost summary. After discussion, Director Williams made a motion to authorize the District's consultants to proceed with the preparation of a Bond Application Report for the District's Series 2016 Bonds. Director Manning seconded the motion, which carried unanimously.

The Board next deferred receiving the Financial Advisor's recommendation concerning the establishment of the District's 2015 tax rate.

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 August. Ms. Davis reported that 99.52% of the District's 2014 taxes had been collected through July 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. 3228 through 3232, inclusive, 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 August 31, 2015.

Ms. Davis next presented for the Board's review and information the attached written report dated September 14, 2015, which had been prepared by the District's delinquent tax attorney, Ted A. Cox, P.C. ("Cox").

The Board next considered the attached report on the District's water, sanitary sewer and storm sewer systems for the month of August. Mr. Rowe reported that the water accountability percentage for the month is 92.09%. He next reported that the District's facilities operated in compliance with their respective permits during the month.

Mr. Rowe next reviewed various repairs and ongoing work in the District.

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. Edwards 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. Edwards presented the attached report relative to same.

The Board next considered approval of the plans and specifications for water, sanitary sewer, and drainage facilities to serve Stonebrook Estates, Section 2. Mr. Edwards stated that A&S is working on the plans at this time.

The Board next considered the status of contract with Paskey Incorporated (“Paskey”) for construction of detention pond to serve Stonebrook Estates. Mr. Edwards stated he had nothing new to report to the Board. Mr. Jones reported that Paskey submitted a Change Order in the amount of \$18,687.50 to fix the outfall pipes and requested that the Board concur in the approval of the Change Order, subject to review by A&S. After discussion, Director Williams made a motion to concur in the approval of the Change Order, subject to review by A&S. Director Manning seconded the motion, which carried unanimously.

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

The Board next considered the acceptance of site and/or easement conveyances for facilities constructed or to be constructed for the District. Mr. Edwards stated that the Water Meter Easement for the Montessori School has been sent to the owner for execution and recommended that the Board approve the easement contingent upon receiving the executed documents back. After discussion, Director Williams made a motion to approve the Water Meter Easement, contingent upon receiving the executed documents from the owner, and to authorize the President to execute same on behalf of the Board and District. Director Manning seconded the motion, which carried unanimously.

The Board next considered a report regarding the status of the development of property within the District. Mr. Jones stated that 16 homes have sold with 10 more homes under contract and that the average home sale price is \$511,000.

The Board next considered the issuance of utility commitments. Mr. Edwards 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 Williams made a motion to approve the reports and authorize payment on the Operating Account being check nos. 17489, 17492, and 17544 through 17588, inclusive, with check nos. 17489 and 17492 being voided, as identified in the report. Director Manning seconded the motion, which carried unanimously.

Mr. Lasky next presented the attached Quarterly Investment Report which had been prepared by MA&C, relative to the District's Debt Service Fund, Construction Fund and Operating Fund for the reporting period through July 31, 2015. After review of the Report, Director Williams made a motion to approve the Report and authorize the District's Investment Officer to execute same on behalf of the Board and District. Director Manning seconded the motion, which carried unanimously.

The Board next considered authorizing MRPC to prepare and file certain required information with the Comptroller related to the District's Eminent Domain authority as required by Senate Bill 1812 passed by the Texas Legislature. After discussion, Director Williams made a motion to authorize MRPC to prepare and file same on behalf of the Board and District. Director Manning seconded the motion, which carried unanimously.

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  
September 14, 2015

1. Resident Correspondence
2. Draft Future Bond Issue - Summary of Costs
3. Tax Assessor/Collector Reports
4. Delinquent Tax Report
5. Operator's Report and related correspondence
6. Engineer's Report
7. Bookkeeper's Report
8. Quarterly Investment Report