

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 119
Minutes of Board of Directors Meeting
November 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 November 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, except Director Soileau, 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 and Dwayne Rowe of Water District Management Co. ("WDM"); Randy Jones of Spring Cypress 54.25 Investment, LLC; James Pintkowski and Stephanie Crane with RMP Investments; 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 October 12, 2015. After review and discussion, Director Williams made a motion to approve the minutes of the meeting held on October 12, 2015, as written. Director Manning seconded the motion, which carried unanimously.

The Board next conducted a public hearing relative to the District's proposed 2015 debt service tax rate and maintenance tax rate. Ms. Davis advised that the tax rate publication had been published in accordance with state law requirements. The President announced the hearing open and invited members of the public to address the Board on the proposed 2015 debt service tax rate and maintenance tax rate. Seeing no members of the public wishing to speak, the President then announced the hearing closed.

The Board next considered the adoption and levy of the District's 2015 proposed debt service tax rate and maintenance tax rate. After discussion, Director Manning made a motion to levy a 2015 debt service tax rate of \$0.49 per \$100 of assessed valuation and a 2015 maintenance tax rate of \$0.03 per \$100 of assessed valuation, for a combined tax rate of \$0.52 per \$100 of assessed valuation, and to adopt the attached Order Levying Taxes. Director Andrade seconded the motion, which carried unanimously.

Mr. Marks next presented and reviewed with the Board an Amendment to the Eleventh Amended and Restated District Information Form in connection with the 2015 tax rate. After discussion, Director Williams made a motion to approve same and to authorize the Board members present to execute same. Director Manning seconded the motion, which carried unanimously.

The Board next deferred considering a presentation by Mr. Dill regarding ESD 6 station expansion plans and need for additional land.

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. Mr. Marks reported he spoke with Mr. Rogen and noted that he should have more information by the December 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 October. Ms. Davis reported that 99.62% of the District's 2014 taxes had been collected through October 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. 3236 through 3239, 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 October 31, 2015.

Ms. Davis next presented for the Board's review and information the attached written report dated November 3, 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 October. Mr. Rowe reported that the water accountability percentage for the month is 84.33%. He next reported that the District's facilities operated in compliance with their respective permits during the month.

Mr. Rowe presented the attached correspondence from Eileen Cozard requesting an adjustment on her high water bill attributed to over irrigating. After discussion, Director Manning made a motion to authorize adjusting the bill to charge \$1.00 per 1,000 gallons for usage over the minimum bill plus the NHCRWA assessment for the September bill and for WDM to offer Ms. Cozard a payment plan. Director Williams seconded the motion, which carried unanimously.

Mr. Rowe next reviewed the status of various high water bill investigations, as outlined on the attached list. He reported that Ms. Frios is on a payment plan and that Ms. Winters' account was finalized with her move-out. Mr. Rowe reported that WDM attempted to set up an on-site evaluation of the meter and irrigation system for Mr. Garcia but that Mr. Garcia has been unresponsive. He reported that the meter for Mr. Turner's account was tested and found to be 99.5% accurate and that the meter for Mr. Lampl's account was tested and found to be 95.8% accurate. Mr. Rowe reported that Mr. Gannon's meter was found to be 100% accurate. After discussion, the Board requested that WDM offer Mr. Garcia, Mr. Turner,

Mr. Lampl, and Mr. Gannon payment plans for their balances due and to follow the District's Rate Order procedures if the bills are not timely paid.

Mr. Rowe stated that WDM will prepare a Notification Action Plan.

Mr. 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 \$25.10, and to write-off three (3) delinquent accounts in the total amount of \$40.88, 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 three (3) subject accounts, as set out above. Director Williams seconded the motion, which carried unanimously.

The Board next considered the status of the preparation of a Bond Application Report ("BAR") relative to the District's proposed Series 2016 Bonds. After discussion, the Board concurred to proceed with the preparation of the BAR but to take out the generator project.

The Board next considered the status of the NHCRWA. Mr. Marks presented correspondence from the NHCRWA regarding their schedule of meetings.

The Board next considered authorizing the design, advertisement for bids and/or award of construction contracts. Mr. Bordelon review 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. Bordelon reported that A&S is working on the plans at this time.

The Board next considered approval of the plans and specifications, review of bids, and concur in award of contract for construction of drainage improvements to serve properties on Chaseloch. Mr. Bordelon stated that A&S received drawings from developer and that they are still waiting approval from the City of Houston. He advised that the TCEQ requires the City's approval or the project will not be approved for reimbursement. Ms. Crane stated that the project must proceed, and that they intend to proceed without pursuing reimbursement from the District. Mr. Bordelon stated that he will discuss the matter with Ms. Crane and report back at the next meeting.

The Board next considered the status of contract with Paskey Incorporated ("Paskey") for construction of detention pond to serve Stonebrook Estates. Mr. Bordelon reported that the final inspection was held on November 5th and that the contractor is working on punch-list items.

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 reported that the final inspection was held on November 5th and that the contractor is working on punch-list items.

The Board next deferred considering the acceptance of site and/or easement conveyances for facilities constructed or to be constructed for the District. Mr. Bordelon noted that the storm sewer easements for the Montessori School are not adequately sized to meet the City of Houston requirements.

The Board next considered a report regarding the status of the development of property within the District. Mr. Jones reported that home sales are going well.

The Board next deferred considering approval of an Utility Development Agreement with RMP Investments. Since Ms. Crane advised that RMP would not seek reimbursement, the Board concurred to remove this item from the agenda.

The Board next considered the issuance of utility commitments. No one present had anything new 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. 17640 through 17688, inclusive, with check no. 17641 being voided, as identified in the report. Director Williams seconded the motion, which carried unanimously.

The Board next considered matters for possible placement on future agendas. Mr. Marks reported that the District's trash service provider, Republic, forwarded notice of a rate increase. After discussion, the Board concurred to add an item to the December agenda regarding the rate increase and requested that Ms. Aguilar of Republic attend the meeting.

Mr. Marks next presented correspondence from HCAD regarding a Certification of Ballot. After discussion, the Board concurred to add an item to the December agenda regarding approval of same.

Mr. Marks next presented the attached correspondence from Waterworks Insurance Network and correspondence from the Governmental Accountability Office. After discussion, the Board concurred to take no action on either correspondence at this time.

Mr. Bordelon next reviewed an ownership map relative to the ESD 6 station.

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


Secretary, Board of Directors

ATTACHMENTS
November 9, 2015

1. Order Levying Taxes
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. Waterworks Insurance Network Correspondence