

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 119  
Minutes of Board of Directors Meeting  
December 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 December 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, except Director Phelps and Director Manning, 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; David Aguilar of Republic Services, Inc. ("Republic"); Brad Dill of BD Realty Advisors, LLC; 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.

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The Board recessed and reconvened at 5:10 p.m. at 17707 Old Louetta Road.

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 November 9, 2015. After review and discussion, Director Williams made a motion to approve the minutes of the meeting held on November 9, 2015, as written. Director Andrade seconded the motion, which carried unanimously.

The Board next considered a presentation by Mr. Dill regarding ESD 6 station expansion plans and need for additional land. Mr. Dill introduced himself to the Board and reviewed the attached correspondence and site plan for the proposed ESD 6 station expansion. After discussion, the Board deferred taking any action until the NHCRWA has responded to the request.

The Board next considered the approval of an amendment to the garbage collection contract. Mr. Aguilar presented the attached correspondence stating that the District's waste rate will increase from \$12.72 to 12.90 and that the recycle rate will increase from \$3.05 to \$3.09, effective as of December 1,

2015. After discussion, Director Andrade made a motion to approve the rate increase in the total amount of \$0.22. Director Soileau seconded the motion, which carried unanimously.

The Board next considered the approval of an amendment to the District's Rate Order. After discussion, the Board concurred to leave the Rate Order as is.

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 November. Ms. Davis reported that 1.07% of the District's 2015 taxes had been collected through November 30, 2015. After review and discussion of the reports, Director Soileau made a motion to approve the reports and authorize payment on the Tax Account, being check nos. 3240 through 3244, inclusive, with check no. 3242 being voided, as identified in the tax assessor collector's report. Director Williams 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 November 30, 2015.

Ms. Davis next presented for the Board's review and information the attached written report dated December 9 2015, which had been prepared by the District's delinquent tax attorney, Ted A. Cox, P.C. ("Cox").

The Board next considered approval of a Resolution Authorizing Request to Harris County Appraisal District for Appraisal of Property as of December 1, 2015. After discussion, Director Williams made a motion to adopt the Resolution and to authorize the Vice President and Assistant Secretary to execute same. 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 November. Mr. Rowe reported that the water accountability percentage for the month is 95.08%. 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 Wahba Ghassan requesting an adjustment on his high water bill. Mr. Rowe noted that the property was occupied on August 19<sup>th</sup> and that the tenant turned the water on at the meter. He noted that the tenant did not set up a service account until later and paid the fee for tampering with the meter. The tenant is requesting an adjustment for water used from the period between the date the property was occupied and the date the account was set up. After discussion, Director Soileau made a motion to deny the appeal. Director Williams seconded the motion, which carried unanimously.

Mr. Rowe next reported that the air header replacement is in progress.

Mr. Rowe next reported that the lift station pump #2 was installed but that it is experiencing wiring problems. He recommended that the Board authorize WDM to install 3 new electrical conduits to provide service to all of the pumps at an estimated cost of \$39,000. After discussion, Director Williams made a

motion to authorize WDM to purchase and install the 3 conduits, as set out above. Director Soileau seconded the motion, which carried unanimously.

Mr. Rowe next reported that lift pump #1 is leaking at the shaft and noted that that the cost to repair the leak would be \$4,500 and the cost to replace the pump would be approximately \$28,000. After discussion, Director Soileau made a motion to authorize WDM to replace lift pump #1 as set out above. Director Andrade seconded the motion, which carried unanimously.

Mr. Rowe next reported that the dry pit exhaust fan failed and that that the cost to replace the fan would be \$2,000. After discussion, Director Soileau made a motion to authorize WDM to replace the dry pit exhaust fan as set out above. Director Andrade seconded the motion, which carried unanimously.

Mr. Rowe next requested that the Board consider authorizing WDM to turn over four (4) delinquent accounts to Collections Unlimited of Texas ("CUT") for collection, in the total amount of \$240.17, and to write-off two (2) delinquent accounts in the total amount of \$19.36, as outlined in the attached Collections List and Charged Off List. After discussion, Director Williams made a motion to authorize WDM to turn over the four (4) subject accounts to CUT for collection and to write-off the two (2) subject accounts, as set out above. Director Andrade seconded the motion, which carried unanimously.

The Board next considered approval of Water Smart Application. After discussion, Director Williams made a motion to authorize Mr. Rowe to complete the application on behalf of the Board and District. Director Andrade seconded the motion, which carried unanimously.

The Board next deferred considering discussion on the future of Water Plant No. 1, including review of cost comparisons relative to decommissioning or rehabilitation of the plant.

The Board next deferred considering the status of the preparation of a Bond Application Report ("BAR") relative to the District's proposed Series 2016 Bonds.

The Board next considered the status of the NHCRWA. No one present had anything new to report

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 waiting to receive a topographic survey before beginning to design the project.

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 reported that the developer will not seek reimbursement from the District for the project.

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 A&S received Pay Application No. 6 and that they are waiting to receive the final documents. He also noted that A&S is also waiting to receive confirmation that all punch list items have been completed.

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 A&S is waiting to receive a revised final payment application.

The Board next deferred considering approval of a Detention Pond Maintenance Agreement with Community Association of Stonebrook Estates, Inc. relative to Stonebrook detention ponds.

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

The Board next considered authorizing the completion of a Utility Survey received from the U.S. Government Accountability Office. Mr. Bordelon presented the attached survey requested. After discussion, the Board concurred that Mr. Bordelon should not respond to the request.

The Board next considered a report regarding the status of the development of property within the District. Mr. Jones reported that home construction continues and that there are 20 lots left. Mr. Marks next discussed Mr. Jones' request that the District consent to the assignment of the Utility Development Agreement from Spring Cypress 54.25 Investment, LLC to Stonebrook-Krueger Corp.

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 Andrade made a motion to approve the reports and authorize payment on the Operating Account being check nos. 17687 through 17732, inclusive, as identified in the report. Director Williams seconded the motion, which carried unanimously.

Mr. Lasky next distributed and reviewed the attached Quarterly Investment Report for the period ending October 31, 2015. Following review of the report, Director Andrade made a motion to approve the report. Director Williams seconded the motion, which carried unanimously.

The Board next considered the annual review of the District's Order Establishing Policy for Investment of District Funds and Appointing Investment Officer (the "Order") and the adoption of a Resolution relative thereto. Mr. Marks reviewed the proposed changes to the Order and explained that, as a result HB 1295 passed in the most recent legislative session, certain changes are required. After discussion, Director Soileau made a motion to approve the attached Resolution Regarding Review of Order Establishing Policy for Investment of District Funds and Appointing Investment Officer, to adopt the attached revised Order, and to authorize the Vice President to sign and the Assistant Secretary to attest the Resolution and Order on behalf of the Board and District. Director Williams seconded the motion, which carried unanimously.


The Board next considered the review and amendment to the Code of Ethics. Mr. Marks reviewed the proposed revisions to the Code. After discussion, Director Soileau made a motion to approve the

attached Order Adopting an Amended and Restated Code of Ethics, Fees and Expense Policy, Policy Relating to Consulting Services, Uniform Financial Accounting and Reporting Standards, Policy Relating to Adoption of Annual Operating Budget, and Creating an Audit Committee of the Board of Directors and to authorize the Vice President to execute and the Assistant Secretary to attest the Order on behalf of the Board and District. Director Perez seconded the motion, which carried unanimously.

The Board next considered the adoption of the attached Resolution Casting its Ballot for the Election of a Person to the Board of Directors of the Harris County Appraisal District. After discussion, Director Williams made a motion to adopt the Resolution and cast the applicable vote for Glenn E. Peters. Director Andrade 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.

  
Assistant Secretary, Board of Directors

ATTACHMENTS  
December 14, 2015

1. Correspondence from Mr. Dill
2. Republic Services Correspondence
3. Tax Assessor/Collector Reports
4. Delinquent Tax Report
5. Operator's Report and related correspondence
6. Engineer's Report
7. U.S. Government Accountability Correspondence
8. Bookkeeper's Report
9. Quarterly Investment Report
10. Investment Policy
11. Code of Ethics
12. HCAD Correspondence