

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 119
Minutes of Board of Directors Meeting
February 8, 2016

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 8, 2016 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"); 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; 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 11, 2016. After review and discussion, Director Manning made a motion to approve the minutes of the meeting held on January 11, 2016, as written. Director Andrade 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 December. The Board reviewed the report and noted that the report reflects that 91.27% of the District's 2015 taxes had been collected through January 31, 2016. 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. 3248 through 3253, inclusive, and two wires, as identified in the tax assessor collector's report. Director Andrade 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 and the attached Delinquent Collections Listing as of January 31, 2016.

The Board next reviewed the attached written report dated February 3, 2016, which had been prepared by the District's delinquent tax attorney, Ted A. Cox, P.C.

Mr. Marks next 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 to approve and adopt the attached Resolution Concerning Exemptions from Taxation. Director Williams seconded the motion, which carried unanimously.

The Board next considered customer appeals of District charges or policies relative to the District's water, sanitary sewer and storm sewer systems. Mr. Rowe reported that the customer at 17323 Baronshire Drive was charged a tampering fee and a lock fee totaling \$70.00 after their water service was disconnected. He noted that the customer has denied tampering with the lock and is requesting a waiver of the fees. After discussion, Director Manning made a motion to deny the customer's request to waive the tampering fees. Director Williams seconded the motion, which carried unanimously.

Mr. Rowe next reported that the customer at 9830 Memorial Crossing Drive was disconnected the same day that the account was paid online and that the customer is requesting a waiver of the \$50 disconnect fee. After discussion, Director Manning made a motion to approve the waiver of the disconnect fee contingent upon the customer paying the current invoice on time. Director Williams seconded the motion, which carried unanimously.

Mr. Rowe next reported that the customer at 17119 Kings Walk Lane received a delinquent letter the same day that the account was paid and that the customer is requesting a waiver of the \$5 delinquent fee. Mr. Rowe noted that the subject account routinely paid late. After discussion, Director Manning made a motion to deny the customer's request to waive the delinquent fee. Director Williams 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. Rowe reported that the water accountability percentage for the month is 94.20%. He next reported that the District's facilities operated in compliance with their respective permits during the month.

Mr. Rowe next noted that there was a low pH found during the month and that WDM speculates that it is due to a dump into a manhole in the District.

Mr. Rowe next reported that there were no violations cited during the TCEQ Compliance Evaluation Investigation at the WWTP.

Mr. Rowe next reported that the hydrant flushing is proceeding. Director Manning requested that WDM insert an advance notice regarding the flushing into the District customer's water bills. After further discussion, the Board requested that WDM add annual flow testing to the annual fire hydrant testing.

Mr. Rowe next reported that Pump #3 in the on-site lift station failed and noted that the cost to replace the pump is approximately \$1,200. He noted that the authorization for replacement is within the scope of the maintenance portion of the District's contract with WDM.

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 \$30.26, 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 one (1) subject account to CUT for collection, as set out above. Director Manning seconded the motion, which carried unanimously.

Mr. Rowe next reported on a fine screen failure during the month and noted that the screen has been pulled for evaluation.

The Board next considered the status of a security system contract. Mr. Rowe reported that he has been in contact with ABC and Asap and noted that Asap is taking over monitoring for ABC. He further advised that ABC is fine with keeping the existing contracts without change. After discussion, the Board deferred taking any action at this time.

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, Director Manning made a motion to make no changes to the District's goals at this time. Director Williams 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 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 considered the status of the Bond Application Report relative to the District's Series 2016 Bonds. Mr. Marks reported that the application was submitted to the TCEQ on February 2, 2016, and has been declared administratively complete.

The Board next considered the status of the North Harris County Regional Water Authority. 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 near completion on the design of Section 2.

The Board next considered approval of an Assignment of Utility Development Agreement (“UDA”) between Spring Cypress 54.25 Investment, LLC and the District. Mr. Marks stated that Mr. Jones requested approval of the assignment of the UDA to Stonebrook-Krueger Corp and stated that MRPC has received executed Form 1295s from both entities. After discussion, Director Soileau made a motion to approve the Assignment as set out above and to authorize the President to execute the Acknowledgement attached to the Assignment as Exhibit B on behalf of the Board and District. Director Williams seconded the motion, which carried unanimously.

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 deferred considering the annual review of a 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 reported that there were 6 closings in February and that 4 new lots have sold.

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. 17765 through 17802, inclusive, as identified in the report. Director Andrade seconded the motion, which carried unanimously.

The Board next considered proposal relative to renewal of the District's insurance coverage for term expiring March 31, 2016. Mr. Marks distributed the attached 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, 2017. He noted that the premium increased by \$2,012 due to a \$732,000 property value increase. After discussion, Director Williams 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 Manning seconded the motion, which carried unanimously.

The Board next considered matters for possible placement on future agendas. Mr. Marks presented the attached correspondence regarding a Census Bureau survey. After discussion, the Board concurred to take no action at this time.

The Board next considered the calling of a Directors Election to be held on May 7, 2016, determining the procedure for giving notice of same, and the adoption of an Order in connection

therewith. Mr. Marks presented the Order calling such election to be held on May 7, 2016, noting that the terms of office of Directors Phelps and Andrade will expire in May 2016. Mr. Marks advised the Board that notice of the election could be given by one or more of the following methods: (1) publishing the notice in a newspaper published in the territory of the District or of general circulation in the District at least ten (10) days before the election, but not more than thirty (30) days before; (2) posting the notice at a public place in the District at least twenty-one (21) days before the election; or (3) mailing the notice to each registered voter in the District at least ten (10) days before the election. Mr. Marks further advised that, in addition to the above, notice must be posted at the location used for posting notices of the meetings at least twenty-one (21) days before the election. After discussion, Director Williams made a motion to adopt the Order Calling Director Election as set forth above and to give notice of the election by posting at a public place in the District and by posting at the location where notices of the meetings are posted. Director Manning seconded the motion, which carried unanimously.

Mr. Marks next advised the Board that an agent should be appointed to perform election duties in connection with the Directors Election. After discussion, Director Williams made a motion to adopt the Notice of Appointed Agent appointing the law office of Marks Richardson PC as agents be adopted, to authorize the President or Vice President and Secretary or Assistant Secretary to execute the Notice on behalf of the Board and the District, and to instruct the attorneys of the District to handle the mechanics of said election. Director Manning seconded the motion which carried unanimously.

The Board next considered the compensation to be paid to the election officials. After discussion, Director Williams made a motion to authorize the election officials to receive \$15.00 per hour to work the election. Director Manning 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 8, 2016

1. Tax Assessor/Collector Reports
2. Delinquent Tax Report
3. Tax Exempt Resolution
4. Operator's Report and related correspondence
5. Engineer's Report
6. Bookkeeper's Report
7. Insurance Proposal
8. Census Correspondence