

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 119
Minutes of Board of Directors Meeting
April 11, 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 April 11, 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, 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; Sherri Greenwood of BKD, LLP ("BKD"); Robert Meadows, resident of the District; 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 March 14, 2016. After review and discussion, Director Manning made a motion to approve the minutes of the meeting held on March 14, 2016, as written. Director Williams seconded the motion, which carried unanimously.

The Board next considered the status of the North Harris County Regional Water Authority (the "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 reviewed the attached report relative to same.

The Board next considered the review of bids and concur in award of contract for water, sanitary sewer, and drainage facilities to serve Stonebrook Estates, Section 2. Mr. Edwards reported that the bid opening is scheduled for April 28th.

The Board next deferred considering engagement of auditor to prepare the District's audit report for the fiscal year ending April 30, 2016, until later in the 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 March. Ms. Davis stated that 97.49% of the District's 2015 taxes had been collected through March 31, 2016. 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. 3267 through 3279, inclusive, and one wire, 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 and the Delinquent Collections Listing as of March 31, 2016.

The Board next reviewed the attached written report dated April 4, 2016, which had been prepared by the District's delinquent tax attorney, Ted A. Cox, P.C.

Mr. Marks next advised the Board that pursuant to Section 33.07 of the Property Tax Code, as amended, the Board is authorized to impose, under certain conditions, an additional penalty not to exceed twenty percent (20%) of the total real property taxes, penalty and interest due the District on July 1 on taxes that remain delinquent as of July 1 of the year in which they become delinquent. After discussion, Director Williams made a motion to adopt the attached Resolution Authorizing Additional Penalty on Delinquent Real Property Taxes. 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 March. Mr. Rowe reported that the water accountability percentage for the month is 91.74%. He next reported that the District's facilities operated in compliance with their respective permits during the month.

Mr. Rowe next reported that he will further investigate the service line servicing Brutwood Lakes and discuss the matter with Troy.

Mr. Rowe next reported that WDM received a quote from NTS to rebuild the fine screen for the lift pump at a cost of \$18,807 and recommended that the Board approve the quote, contingent upon receipt of an executed Form 1295. After discussion, Director Soileau made a motion to approve the quote from NTS contingent upon receipt of the executed Form 1295, as set out above.

Mr. Rowe next requested that the Board consider authorizing WDM to write-off one (1) delinquent account in the total amount of \$21.96, as outlined in the attached Charged Off List. After discussion, Director Manning made a motion to authorize WDM to write-off the one (1) subject account, as set out above. Director Williams seconded the motion, which carried unanimously.

The Board next considered engagement of auditor to prepare the District's audit report for the fiscal year ending April 30, 2016. Ms. Greenwood presented a proposal regarding BKD's qualifications relative to the performance of auditing procedures regarding the District's audit. She stated that BKD's fee for the preparation of the District's audit for the fiscal year ending April 30, 2016, was estimated to be \$17,600.00, plus expenses not to exceed \$500.00. Ms. Greenwood presented BKD's fully executed Form 1295. After discussion, Director Williams made a motion to engage BKD to prepare the District's audit report for the fiscal year ending April 30, 2016, as set out above. Director Manning seconded the motion, which carried unanimously.

The Board next considered authorizing the operator to prepare a draft Consumer Confidence Report for review by the Board. After discussion, Director Soileau made a motion to authorize the operator to prepare a draft of the 2015 Consumer Confidence Report for review by the Board of Directors. Director Manning seconded the motion, which carried unanimously.

The Board next considered the annual report on the District's Identity Theft Prevention Program. Mr. Rowe reported that there were no flags and that WDM recommends no changes.

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 discussed the proposed schedule for the Bonds.

The Board next considered approval of a Resolution Authorizing Request to Harris County Appraisal District for Appraisal of Property as of April 1, 2016. After discussion, Director Manning made a motion to adopt the Resolution and to authorize the President and Secretary to execute same. 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 considered a report regarding the status of the development of property within the District. Mr. Jones reported that 10 homes have been sold year-to-date and that he is working on getting Section 2 lots on the ground.

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. 17855 through 17898, inclusive, as identified in the report. Director Williams seconded the motion, which carried unanimously.

Mr. Lasky next presented and reviewed with the Board the attached proposed operating budget for the District's fiscal year ending April 30, 2017. After discussion, Director Soileau made a motion to adopt the proposed operating budget, as written. 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 received a request for presentation by Residential Recycling and Refuse of Texas regarding the District's trash and recycling services. After discussion, the Board concurred to take no action but noted that they will consider a proposal when the existing contract nears its end date.

Mr. Marks next presented the attached correspondence from Build America Mutual. After discussion, the Board concurred to take no action.

Mr. Meadows next addressed the Board. He stated that he lives on the west side of the District's Water Plant No. 2 and that he would like the District to replace the slats in the cyclone fence. He noted that the slats were removed some time ago and never replaced. The Board requested that Mr. Rowe get prices for replacing the fencing at Mr. Meadows yard totaling approximately 140 feet.

Mr. Meadows further noted that the Oleander trees near the Water Plant No. 2 are over grown and need a trim back. After discussion, the Board concurred that WDM should trim the oleander trees.

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


Secretary, Board of Directors

ATTACHMENTS
April 11, 2016

1. Engineer's Report
2. Tax Assessor/Collector Reports
3. Delinquent Tax Report
4. Resolution Authorizing Additional Penalty on Delinquent Taxes
5. Operator's Report and related correspondence
6. Bookkeeper's Report
7. Budget for FYE April 30, 2017
8. Residential Recycling and Refuse of Texas correspondence
9. Build America Mutual Correspondence