

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 119
Minutes of Board of Directors Meeting
June 13, 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 June 13, 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 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 Glunt of Glunt Investment & Development Co.; Brad Dill of BD Realty Advisors, LLC; Craig Rathmann of Rathmann and Associates, L.P. ("Rathmann"); 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.

As the first order of business, 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 May 9, 2016. After review and discussion, Director Soileau made a motion to approve the minutes of the meeting held on May 9, 2016, as corrected. Director Williams 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 May. Ms. Davis stated that 98.54% of the District's 2015 taxes had been collected through May 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. 3285 through 3296, inclusive, as identified in the tax assessor collector's report. Director Soileau 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 May 31, 2016.

The Board next reviewed the attached written report dated June 9, 2016, which had been prepared by the District's delinquent tax attorney, Ted A. Cox, P.C.

Ms. Davis next reported that the District's preliminary value as of January 1, 2016, is \$545,018,395 plus personal property.

The Board next considered authorizing Ted A. Cox, P.C. to proceed with the collection of 2015 delinquent taxes, including the filing of lawsuits. After discussion on the matter, Director Soileau made a motion to authorize Ted A. Cox, P.C. to proceed with the collection of the District's 2015 and prior years delinquent tax accounts on July 1, 2015, including filing of lawsuits as necessary. Director Williams seconded the motion, which carried unanimously.

Mr. Rathmann entered the meeting 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. 17947 through 17999, inclusive, with check no. 17953 being voided, as identified in the report. Director Soileau 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 April 30, 2016. 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 Soileau seconded the motion, which carried unanimously.

Mr. Rathmann next stated that, pursuant to the Notice of Sale published by the District, public bids for the sale of the District's proposed \$4,340,000 Unlimited Tax Bonds, Series 2016 (the "Bonds") were received by Rathmann on behalf of the District. He stated that six (6) bids were received and reviewed the attached bid tabulation with the Board. Mr. Rathmann advised the Board that the apparent low bid was submitted by Citigroup Global Markets Inc. ("Citi") at a net effective interest rate of 2.872256%. He advised that accuracy of the bids had been confirmed and recommended that the Board award the sale of the Bonds to Citi. Mr. Rathmann further advised that the District received an investment grade rating of A from Standard & Poor and an insurance commitment from National Public Finance Guarantee Corporation ("NPMFG"). After discussion, Director Williams made a motion to accept the low bid of Citi for the purchase of the Bonds at a net effective interest rate of 2.872256% with insurance provided by NPMFG. Director Soileau seconded the motion, which carried unanimously.

The Board next considered adoption of an Order authorizing the issuance, sale and delivery of the District's Series 2016 Unlimited Tax Bonds. Mr. Marks reviewed the terms and provisions of the Bond Order with the Board. The Bond Order was considered by the Board and, thereupon,

it was duly moved by Director Williams, seconded by Director Andrade and unanimously carried that the Bond Order be passed and adopted by the Board and District.

The Board next considered authorizing the completion and distribution of a Final Official Statement to be prepared by Rathmann in connection with the District's Bonds. After review and discussion, Director Williams made a motion to authorize the completion and distribution of a Final Official Statement. Director Andrade seconded the motion, which carried unanimously.

The Board next considered approval of a Paying Agent/Registrar Agreement by and between the District and The Bank of New York Mellon Trust Company, N.A. relative to the Bonds. Mr. Marks reviewed the provisions of the Agreement. After discussion, Director Williams made a motion to approve the Paying Agent/Registrar Agreement. Director Andrade seconded the motion, which carried unanimously.

As the next order of business, the Board considered acting upon any other matters required in connection with the Bonds. Mr. Marks presented and reviewed the General Certificate, the Signature and No-Litigation Certificate with Letter of Instruction to the Attorney General, the initial bonds relative to the sale of such bonds. After further discussion, Director Williams made a motion to authorize the District's officers to execute the documents, and to authorize MRPC to handle all matters relative to such bond sale, including submission of a transcript of proceedings to the Attorney General of the State of Texas. Director Andrade 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 May. Mr. Rowe reported that the water accountability percentage for the month is 82.67% and that he is currently investigating possible causes for the low accountability. He next reported that the District's facilities operated in compliance with their respective permits during the month.

Mr. Rowe next reported on the appeal from the resident 17939 Melissa Spring. He noted that the resident was in attendance at the Board meeting in May. Mr. Rowe reported that the sewer line was damaged by the homebuilder and that the resident has requested reimbursement for repair costs. He noted that the resident cannot produce receipts relative to the repairs. After discussion, the Board concurred to take no action.

Mr. Rowe reported that the magnesium system was installed and is online. He noted that the cost of the new fence at Water Plant No. 2 is \$2,142.40 and that he will discuss the color of the fence with the customer.

Mr. Rowe next reported that WDM received a bid from Lake Management for the installation and maintenance of the fountains in the Memorial Springs detention basin for \$7,126.

Mr. Rowe next requested that the Board consider authorizing WDM to turn over three (3) delinquent accounts to Collections Unlimited of Texas ("CUT") for collection, in the total amount of \$287.23, and to write-off one (1) delinquent account in the total amount of \$15.49, as outlined in the attached Collections List and Charged Off List. After discussion, Director Soileau made a

motion to authorize WDM to turn over the three (3) subject accounts to CUT for collection and to write-off the one (1) subject account, as set out above. Director Andrade seconded the motion, which carried unanimously.

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. Bordelon reviewed the attached email from Mr. Rolon on behalf of the North Harris County Regional Water Authority (the "NHCRWA") stating that the NHCRWA is not interested in the purchase of the well.

The Board next considered a proposal from ESD 16 for the purchase of Water Plant No. 1 from the District. Mr. Dill addressed the Board regarding his proposal to purchase the property. The Board discussed the attached proposals and requested that Mr. Bordelon prepare an analysis of the facilities, land and easements required to maintain the well as well as the cost of the renewal of the rest of the facilities and remaining land available that could be sold to ESD 16 or allowance made available for its use.

The Board next considered the status of the NHCRWA. Mr. Bordelon stated that he had nothing additional to report.

The Board next considered authorizing the design, advertisement for bids and/or award of construction contracts. Mr. Bordelon reviewed the attached report relative to same.

The Board next considered the status of the contract with C.E. Barker, Ltd. for the water, sanitary sewer, and drainage facilities to serve Stonebrook Estates, Section 2. Mr. Bordelon reported that notice to proceed was issued on May 24th.

Mr. Bordelon next reported that A&S is working on getting the TCEQ pre-purchase inspection complete.

Mr. Bordelon reported that the Water Plant No. 3 inspection report reflected that the external and internal coatings are in acceptable condition but that the interior ladder is unsafe. He noted that WDM has replaced the ladder. Mr. Bordelon continued, stating that hydropneumatic tank no. 1 and no. 2 need to be replaced within the next 1-2 years. The Board concurred to add an item to the next agenda to authorize the design of the project.

The Board next considered 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 the paving in Section 2 will begin in July. He noted that home sales are going well.

The Board next considered the issuance of utility commitments. No one present had anything new to report at this time.

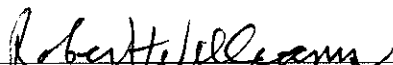
Mr. Marks next discussed for the Board's information and approval a Voting System Annual Filing Form ("Form") from the Secretary of State's Office. He advised that pursuant to Section 123.061 of the Texas Election Code, each political subdivision in the State of Texas is required to complete and file said Form with the Secretary of State's Office. After discussion, Director Soileau made a motion to approve the Form and authorize MRPC to file same with the Secretary of State's Office, as required by law. Director Phelps seconded the motion, which carried unanimously.

The Board next considered the approval of destruction of notes of Board of Directors meetings from February 2015 to February 2016, in accordance with the Records Retention Schedule for General Records. Mr. Marks presented the attached letter from the Records Management Officer with list of records and advised that the time limitations for retention had passed for all records listed, that, to the best of his knowledge and belief, none of the records' subject matter was pertinent to a pending lawsuit, and that there were no open records requests pending with respect to any of the records. After discussion, Director Soileau made a motion to authorize the destruction of said notes as requested in accordance with the provisions of the District's Records Management Program and said Schedule. Director Andrade seconded the motion, which carried unanimously.

The Board next considered matters for possible placement on future agendas. Mr. Marks presented the attached correspondence from the US Census Bureau. After discussion, the Board concurred to take no action.

Mr. Bordelon next reported that he received an email on behalf of HC MUD 367 regarding relocating the interconnect with the District on Gleannloch Lakes Blvd to Brentwood Lakes Drive at Spring Cypress. Director Phelps recommended considering making the interconnect a 2-way interconnect.

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


Assistant Secretary, Board of Directors

ATTACHMENTS

June 13, 2016

1. Tax Assessor/Collector Reports
2. Delinquent Tax Report
3. Bookkeeper Report
4. Quarterly Investment Report
5. Series 2016 Bond documents
6. Operator's Report and related correspondence
7. Correspondence from Mr. Rolan
8. ESD 16 Proposals
9. Engineer's Report
10. Records Destruction Request
11. Census Correspondence
12. Correspondence from Mr. Hartmann