

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 119
Minutes of Board of Directors Meeting
July 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 July 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, except Director Phelps, 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; David Glunt of Glunt Investment & Development; Greg Sissel of BKD, LLP ("BKD"); 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.

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 June 13, 2016. After review and discussion, Director Williams made a motion to approve the minutes of the meeting held on June 13, 2016, as written. Director Manning seconded the motion, which carried unanimously.

The Board next considered approval of audit relative to payment of proceeds of the District's \$4,340,000 Unlimited Tax Bonds, Series 2016 (the "Bonds") and authorizing disbursement of Bond proceeds in accordance therewith. Mr. Marks reported on the status of the Bond issue and discussed the closing and closing letter that was prepared by the District's Financial Advisor. Mr. Sissel reviewed with the Board the attached draft audit report which had been prepared by BKD in connection with the reimbursement of costs. Mr. Edwards discussed a drainage easement in connection with funds attributed to Stonebrook. After discussion on the matter, Director Manning made a motion to approve the report, as revised, to pay the various developers in accordance with the audit report and to disperse other bond proceeds in accordance with the audit report. Director Williams seconded the motion, which carried unanimously.

The Board next considered review, execution and filing of Internal Revenue Service reporting form 8038-G relative to the Bonds. After discussion, Director Manning made a motion to approve the reporting form and to authorize the Vice President of the Board to execute same on behalf of the Board and District. Director Williams seconded the motion, which carried unanimously.

Mr. Marks next presented and reviewed the attached correspondence from MRPC, as bond counsel, regarding the expenditure and investment of the bond proceeds and Internal Revenue Service Restrictions on same.

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

The Board next considered the approval and execution of various closing documents and the authorization for Bond Counsel to approve the closing on the sale of the Bonds. Mr. Marks presented and reviewed various closing documents with the Board, including the No-Litigation Certificate, the District's Receipt, the draft Closing Memo, and the Federal Tax Certificate and advised that the closing is scheduled for Thursday, July 14, 2016, at 10:00 a.m. After discussion, Director Manning made a motion to approve the above-referenced documents, to authorize the Vice President and Secretary to execute same on behalf of the Board and District, to authorize the disbursement of funds in accordance with the closing memo, and to authorize Mr. Marks to deliver same, as appropriate, upon the closing of the Bonds. 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 June. Ms. Davis stated that 98.67% of the District's 2015 taxes had been collected through June 30, 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. 3297 through 3304, inclusive, 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 June 30, 2016.

The Board next reviewed the attached written report dated July 5, 2016, which had been prepared by the District's delinquent tax attorney, Ted A. Cox, P.C.

The Board next considered the attached report on the District's water, sanitary sewer and storm sewer systems for the month of June. Mr. Rowe reported that the water accountability percentage for the month is 108.23%. 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 stated that the appeal dates back to sewer line blockages occurring in 2014. He noted that the resident has requested reimbursement of plumbing bills totaling \$500.00. Mr. Rowe stated that there is a "belly" in the sewer line and that the backup is due to grease accumulation in the line. He recommended that WDM install a clean out across the street so that regular preventative maintenance could be performed. After discussion, the Board requested that Mr. Rowe get proposals for the work and that he notify the customer that the District will not reimburse the plumbing bills for backups caused by the grease from his line.

Mr. Rowe next reported that WDM received a complaint during the month regarding the District's garbage collection service and noted that the issue has been resolved.

Mr. Rowe next reported that fountain repairs in the Memorial Springs detention basin will be completed next week.

Mr. Rowe next requested that the Board consider authorizing WDM to turn over seven (7) delinquent accounts to Collections Unlimited of Texas ("CUT") for collection, in the total amount of \$418.07, and to write-off one (1) delinquent account in the total amount of \$5.24, 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 seven (7) 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.

Mr. Rowe next reported that WDM prepared and submitted the District's critical load list.

The Board next considered a proposal from ESD 16 for the purchase of Water Plant No. 1 from the District. Mr. Edwards reviewed the attached exhibits showing the water line easements for Water Plant No. 1.

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

The Board next considered the status of the North Harris County Regional Water Authority. Mr. Edwards stated that he had nothing 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 authorizing the preparation of plans and specifications for the replacement of hydropneumatic tanks 1 and 2 at Water Plant No. 3. Mr. Edwards stated that he had nothing new to report.

The Board next considered authorizing the preparation of plans and specifications for wastewater system rehabilitation project. Mr. Edwards stated that he had nothing new to report.

The Board next considered authorizing the preparation of plans and specifications for the demolition of Water Plant No. 1. Mr. Edwards stated that he had nothing new to report.

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. Edwards presented Pay Application No. 1 in the amount of \$68,352.50 and recommended that the Board acknowledge payment of same by the developer. After discussion, Director Manning made a motion to acknowledge the payment of Pay Application No. 1 by the develop. Director Williams seconded the motion, which carried unanimously.

Mr. Edwards next presented the pre-purchase approval letter.

The Board next deferred considering a request from MUD 367 regarding a proposal to relocate the interconnect with the District.

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 six (6) homes closed in June.

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. 18001 through 18056, inclusive, with check no. 18002 being voided, and the wires to disburse bond proceeds, which would be held until the bonds have closed, as identified in the report. Director Andrade seconded the motion, which carried unanimously.

The Board next considered matters for possible placement on future agendas. After discussion, the Board concurred to add an item to the next agenda to authorize the use of surplus construction funds for costs associated with engineering and clearing and grubbing for Stonebrook Estates, and the adoption of a Resolution in connection with same.

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


Secretary, Board of Directors

ATTACHMENTS

July 11, 2016

1. Draft Developer Reimbursement Audit
2. Tax Assessor/Collector Reports
3. Delinquent Tax Report
4. Operator's Report and related correspondence
5. Water Plant No. 1 easements exhibit
6. Engineer's Report
7. Bookkeeper Report