

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 119
Minutes of Board of Directors Meeting
August 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 August 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 Manning and Director Andrade, 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"); Dennis Wright of Water District Management Co. ("WDM"); Randy Jones of Spring Cypress 54.25 Investment, LLC; Sherri Greenwood of BKD, LLP ("BKD"); Brad Dill of BD Realty Advisors, LLC ("BD"); and David Marks of Marks Richardson PC ("MRPC").

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 July 11, 2016. After review and discussion, Director Soileau made a motion to approve the minutes of the meeting held on July 11, 2016, as written. Director Williams seconded the motion, which carried unanimously.

The Board next considered the approval of an audit report for the fiscal year ended April 30, 2016. Ms. Greenwood reviewed the attached draft audit report and management letter prepared by BKD. After discussion, Director Williams made a motion to approve the audit report, to authorize the President to execute the Annual Filing Affidavit on behalf of the Board and District, and to file the audit report and Annual Filing Affidavit with the appropriate governmental authorities, including the TCEQ. Director Soileau 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 July. Ms. Davis stated that 98.95% of the District's 2015 taxes had been collected through July 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. 3305

through 3311, 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 July 31, 2016.

The Board next reviewed the attached written report dated August 3, 2016, which had been prepared by the District's delinquent tax attorney, Ted A. Cox, P.C. ("Cox"). After discussion, Director Williams made a motion to authorize Cox to move the five (5) accounts on the report to the uncollectable accounts, as noted on the report. 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 July. Mr. Wright reported that the water accountability percentage for the month is 90.80%. He next reported that the District's facilities operated in compliance with their respective permits during the month.

Mr. Wright next requested that the Board consider authorizing WDM to write-off two (2) delinquent accounts in the total amount of \$24.54, as outlined in the attached Collections List and Charged Off List. After discussion, Director Williams made a motion to authorize WDM to write-off the two (2) subject accounts, as set out above. Director Soileau seconded the motion, which carried unanimously.

Mr. Wright next presented correspondence from the resident 9114 Kirkleigh Lane requesting assistance with a high water bill. After discussion, Director Williams made a motion to authorize WDM to adjust the water bill to bill \$1.00 per 1,000 gallons for the usage over 8,000 gallons, plus the fees from the North Harris County Regional Water Authority ("NHCRWA"). Director Soileau seconded the motion, which carried unanimously.

The Board next discussed the sewer line on Melissa Springs. Mr. Wright stated that WDM recommended the installation of a clean out across the street so that regular preventative maintenance could be performed. The Board discussed the possibility of including the sewer line in the next phase of the District's sanitary sewer rehabilitation. Mr. Wright stated that WDM is working on a cost estimate for the project. The Board then deferred taking action or authoring installation of the clean out.

Mr. Wright next reported that the fence at Water Plant No. 2 is complete.

The Board next considered a proposal from ESD 16 for the purchase of Water Plant No. 1 from the District. Mr. Bordelon reviewed the attached exhibits showing the easements for Water Plant No. 1. He noted that there are two options to keep the water well available for future use. Mr. Dill noted that either option works but that BD prefers option 2.

The Board next discussed the proposal from ESD 16. After discussion the Board indicated that the District would want ESD 16 to reimburse the District for Water Plant decommission costs,

and to provide a conference room for the Board to hold its meetings, and to keep the title to the well and related waterline and access easements in exchange for conveying the site to ESD 16. Mr. Bordelon stated that he will bring a cost estimate next month.

The Board next considered the status of the NHCRWA. Mr. Bordelon stated that he had nothing 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 authorizing the preparation of plans and specifications for the replacement of hydropneumatic tanks 1 and 2 at Water Plant No. 3. Mr. Bordelon reviewed a cost estimate for rehabbing the two tanks and noted that the estimated cost is \$106,000. After discussion, Director Soileau made a motion to authorize the preparation of plans and specifications and to authorize A&S to advertise for bids for the project as presented by Mr. Bordelon. Director Williams seconded the motion, which carried unanimously.

The Board next considered authorizing the preparation of plans and specifications for wastewater system rehabilitation project. After discussion, Director Williams made a motion to authorize A&S to prepare plans and specifications for the project. Director Williams seconded the motion, which carried unanimously.

The Board next considered authorizing the preparation of plans and specifications for the demolition of Water Plant No. 1. Mr. Bordelon 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. Bordelon presented Pay Application No. 2 in the amount of \$187,090.47 and recommended that the Board acknowledge payment of same by the developer. After discussion, Director Williams made a motion to acknowledge the payment of Pay Application No. 2 by the developer. Director Soileau seconded the motion, which carried unanimously.

The Board next deferred adopting a Resolution Authorizing Use of Surplus Finds and Interest Earned on Construction Funds relative to engineering and clearing and grubbing for Stonebrook Estates. Mr. Bordelon reported that the reimbursement to the developer from the District's Series 2016 Bonds needs to be readdressed and noted that the District's auditor is investigating the matter.

The Board next considered a request from MUD 367 regarding a proposal to relocate the interconnect with the District. After discussion, the Board concurred to remove the item from future agendas.

The Board next deferred considering a request regarding the Assignment of the District's Utility Development Agreement with Klein Holdings and Investments, Inc.

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 the plat for Section 2 is with Harris County for approval and that the paving work is substantially complete. He stated that 17 homes are under construction and that 15 homes have sold.

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

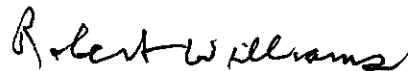
Mr. Lasky next distributed to the Board the attached bookkeeping report, investment report, pledged securities report, bills presented for payment and profit and loss statement for the District's fiscal year, prepared by MA&C, the District's bookkeeper. After review and discussion of the reports, Director Soileau made a motion to approve the reports and authorize payment on the Operating Account being check nos. 18058 through 18097, inclusive, with check nos. 18060 and 18061 being voided, on the Capital Projects Fund Account being check nos. 5589 through 5597, inclusive, and six wires, as identified in the report. Director Williams seconded the motion, which carried unanimously.

The Board next considered a proposal for web site design and maintenance. The Board discussed the attached proposal from Off Cinco. After discussion, Director Williams made a motion to authorize Off Cinco to prepare a contract for the Board's review and approval. Director Soileau seconded the motion, which carried unanimously.

The Board next considered authorizing the solicitation of proposals for garbage collection services and the termination of the District's contract with Republic Waste Services of Texas, Ltd. After discussion, the Board concurred to not solicit proposals this year.

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
August 8, 2016

1. Draft 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 and related correspondence
7. Bookkeeper Report
8. Off Cinco Proposal