

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 119
Minutes of Board of Directors Meeting
October 10, 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 October 10, 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"); Sissy McCoy 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; Brad Dill of BD Realty Advisors, LLC ("BD"); John Paez with Surety Homes, LLC; and Lindsey Eubank 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 September 12, 2016. After review and discussion, Director Manning made a motion to approve the minutes of the meeting held on September 12, 2016, as written. Director Andrade seconded the motion, which carried unanimously.

The Board next conducted a public hearing relative to the District's proposed 2016 debt service tax rate and maintenance tax rate. Ms. McCoy advised that the tax rate publication had been published in accordance with state law requirements. The Vice President announced the hearing open and invited members of the public to address the Board on the proposed 2016 debt service tax rate and maintenance tax rate. Seeing no members of the public wishing to speak, the Vice President then announced the hearing closed.

The Board next considered the adoption and levy of the District's 2016 proposed debt service tax rate and maintenance tax rate. After discussion, Director Manning made a motion to levy a 2016 debt service tax rate of \$0.44 per \$100 of assessed valuation and a 2016 maintenance tax rate of \$0.04 per \$100 of assessed valuation, for a combined tax rate of \$0.48 per \$100 of assessed valuation, and to adopt the attached Order Levying Taxes. Director Williams seconded the motion, which carried unanimously.

Ms. Eubank next presented and reviewed with the Board an Amendment to the Eleventh Amended and Restated District Information Form in connection with the 2016 tax rate. After discussion, Director Manning made a motion to approve same and to authorize the Board members present to execute same. 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 September. Ms. McCoy stated that 99.60% of the District's 2016 taxes had been collected through September 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. 3320 through 3323, 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 September 30, 2016.

The Board next reviewed the attached written report dated October 4, 2016, which had been prepared by the District's delinquent tax attorney, Ted A. Cox, P.C. ("Cox"). Ms. McCoy noted that Cox provided details on the account at 17503 Methil Drive. The Board discussed turning off water service for the account. After discussion, the Board concurred to revisit the matter next month.

The Board next considered the attached report on the District's water, sanitary sewer and storm sewer systems for the month of September. Mr. Wright reported that the water accountability percentage for the month is 98.93%. He next reported that the District's facilities operated in compliance with their respective permits during the month.

Mr. Wright reported that WDM received correspondence from the customer at 17518 disputing a water bill. Mr. Wright stated that the usage reflected 122,000 gallons of water. After discussion, Director Soileau moved to adjust the bill to reflect billing the customer for the water used at the lowest per 1,000 gallons residential rate plus the NHCRWA fee and to issue the customer a credit for the balance. Director Manning seconded the motion, which carried unanimously.

Mr. Wright next reviewed the status of various projects. He stated that NTS is currently working on the air headers at the WWTP. He noted that WDM repaired a leak at the coupling for booster pump 3 at water plant no. 3.

Mr. Wright reported that WDM received a Form 1295 from NTS to upgrade the air cell to a HydroRanger at lift station no. 2. After discussion, Director Soileau made a motion to authorize NTS to replace the air cell. Director Manning seconded the motion, which carried unanimously.

Mr. Wright next requested that the Board consider authorizing WDM to turn over two (2) delinquent accounts to Collections Unlimited of Texas ("CUT") for collection, in the total amount of \$69.36, and to write-off four (4) delinquent accounts in the total amount of \$71.64, 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 two (2) subject accounts to CUT for collection and to write-off the four (4) subject accounts, as set out above. Director Manning seconded the motion, which carried unanimously.

Mr. Wright noted that WDM is waiting to receive the tap fee for the Landmark Development strip center on Spring Cypress.

The Board next considered a proposal from ESD 16 for the purchase of Water Plant No. 1 from the District. The Board discussed the configuration and tie in. Mr. Bordelon stated that he is preparing a cost estimate and that he would like to review it with Mr. Rowe prior to presenting it to the Board. He noted that he will include the costs for rehabilitating the well.

The Board next considered the status of the North Harris County Regional Water Authority. 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 the review of bids and award of contract for the rehabilitation of hydropneumatic tanks 1 and 2 at Water Plant No. 3. Mr. Bordelon stated that the low bid and an executed Form 1295 are received from Trey Evans Company in the amount of \$41,500, and he recommended that the Board approve same. After discussion, Director Williams made a motion to award the contract to the Trey Evans Company, as set out above. Director Manning seconded the motion, which carried unanimously.

The Board next considered approval of plans and specifications and authorize advertisement for bids for the wastewater system rehabilitation project. Mr. Bordelon reported that most of the lines have been identified for pipe bursting but that the final survey of lines is not complete yet.

The Board next considered approval of plans and specifications and authorize advertisement for bids for the demolition of Water Plant No. 1. Mr. Bordelon reviewed the attached cost estimate with the Board. The Board deferred action.

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 the certificate of completion and recommended that the Board accept the project as complete. After discussion, Director Manning made a motion to accept the project as complete. Director Soileau seconded the motion, which carried unanimously.

The Board next considered assignment of a Storm Water Quality Permit to the District. Mr. Bordelon stated that A&S will submit the required forms.

The Board next considered the acceptance of site and/or easement conveyances for facilities constructed or to be constructed for the District. Ms. Eubank presented a conveyance of

water, sanitary sewer, and drainage facilities to serve Stonebrook Estates, Section 2. After discussion, Director Manning made a motion to accept the conveyance and to authorize the Vice President to execute same on behalf of the Board and District. Director Soileau seconded the motion, which carried unanimously.

The Board next considered the review and approval of the auditor's supplemental reimbursement report relative to the District's Series 2016 Bonds and authorizing disbursement of funds in accordance with same. Ms. Eubank stated that MRPC has received all of the necessary Receipts from the respective developers in connection with the additional reimbursement. After discussion, Director Manning made a motion to approve the auditor's supplemental reimbursement report and authorize the distribution of funds as set out in the report. Director Williams seconded the motion, which carried unanimously.

The Board next considered adopting a Resolution Authorizing Use of Surplus Finds and Interest Earned on Construction Funds relative to engineering and clearing and grubbing for Stonebrook Estates. After discussion, Director Manning made a motion to approve the Resolution and to authorize the Vice President to execute same on behalf of the Board and District. Director Williams seconded the motion, which carried unanimously.

The Board next considered a report regarding the status of the development of property within the District. Mr. Jones reported that Section 2 is open and that the market continues to be good.

The Board next considered authorizing the preparation of a Bond Application Report for the District's Series 2017 Bonds. Mr. Bordelon stated that he drafted the cost summary and that he will have a copy for the Board's review next month.

The Board next considered the issuance of utility commitments, including a commitment for Surety Homes, LLC. Mr. Paez introduced himself to the Board and presented an executed Form 1295 in connection with the request. After discussion, Director Manning made a motion to approve the Utility Commitment Letter with Surety Homes, LLC and to authorize the Vice President to execute same on behalf of the Board and District. Director Williams seconded the motion, which carried unanimously.

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. 18039 and 18164 through 18212, inclusive, with check no. 18039 being voided, as identified in the report. Director Soileau seconded the motion, which carried unanimously.

The Board next deferred considering approval of an Agreement for Bookkeeping Services.

The Board next considered the status of web site design and maintenance. After discussion, the Board concurred to have the website survey sent out again.

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.


Secretary, Board of Directors

ATTACHMENTS
October 10, 2016

1. Order Levying Taxes
2. Tax Assessor/Collector Reports
3. Delinquent Tax Report
4. Operator's Report and related correspondence
5. Engineer's Report and related correspondence
6. Draft Reimbursement Audit
7. Bookkeeper Report