

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 119  
Minutes of Board of Directors Meeting  
February 13, 2017

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 February 13, 2017, 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 Williams, thus constituting a quorum.

Also present were Anthony Lasky and Cory Burton of Municipal Accounts & Consulting, L.P. ("MA&C"); Sissie McCoy 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; 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 January 9, 2017. After review and discussion, Director Manning made a motion to approve the minutes of the meeting held on January 9, 2017, as written. Director Soileau seconded the motion, which carried unanimously.

The Board next considered approval of a First Amendment to Retail Electricity Services Annex with Texas General Land Office. Mr. Burton introduced himself to the Board and reviewed correspondence from Acclaim Energy Advisers ("Acclaim"). He stated that the District entered into an electricity pool agreement through MAC and Acclaim in 2015 at a rate of \$0.04656/kWh for a three-year period of 2017 through 2020. He stated that there have been favorable market conditions since and that Acclaim now recommends a 3-4-year extension of the agreement that would result in a 5% rate reduction. After discussion, Director Manning moved to authorize MAC to act on the Board's behalf to lock down a power price as a participant in the 2020 pool for a 3-year term, subject to a minimum of 5% savings are met. Director Andrade seconded the motion, which passed 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 January. Ms. McCoy stated that 92.72% of the District's 2016 taxes had been collected through January 31, 2017. After review and discussion of the reports, Director Soileau made a motion to approve the reports and authorize payment on the Tax Account, being check nos.

3340 through 3353, inclusive, and two wires, as identified in the tax assessor collector's report. Director Manning seconded the motion, which carried unanimously.

The Board next reviewed the delinquent collections list discussed the status of delinquent tax accounts and the Delinquent Collections Listing as of January 31, 2017. The Board next reviewed the attached written report dated February 8, 2017, which had been prepared by the District's delinquent tax attorney, Ted A. Cox, P.C. ("Cox"). After discussion, Director Soileau made a motion to authorize Cox to move the GTech account to uncollectable, as set out on the report. Director Manning seconded the motion, which carried unanimously.

Mr. Marks next outlined for the Board the various tax exemptions available for the District, including the exemptions provided for by Article VIII, Section 1-b of the Texas Constitution, and Sections 11.13 and 11.184 of the Property Tax Code. After discussion, Director Soileau made a motion to approve and adopt the attached Resolution Concerning Exemptions from Taxation. Director Manning 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 January. Mr. Rowe reported that the water accountability percentage for the month is 111.53%. He next reported that the District's facilities operated in compliance with their respective permits during the month.

Mr. Rowe next reviewed the status of various projects. He stated that the Water Plant 2 booster pump was received and will be installed in the next two weeks. Mr. Rowe stated that new stainless steel basket at the Wastewater Treatment Plant will be complete by next Monday.

Mr. Rowe next requested that the Board consider authorizing WDM to turn over one (1) delinquent account to Collections Unlimited of Texas ("CUT") for collection, in the total amount of \$29.73, 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 one (1) subject account to CUT for collection, as set out above. Director Andrade seconded the motion, which carried unanimously.

The Board next considered an amendment to the District's Rate Order. Mr. Marks reviewed the attached proposed changes regarding customer service agreements. After discussion, Director Manning made a motion to approve the amendment to the District's Rate Order and to authorize the President to execute and the Secretary to attest to same. Director Andrade seconded the motion, which passed unanimously.

The Board next considered adoption of water conservation goals in connection with the District's participation in the Water Smart Program. Mr. David Rowe reported that the goals are the same as last year, as outlined on the attached sheet. After discussion, Director Manning made a motion to make no changes to the District's goals at this time. Director Andrade seconded the motion, which carried unanimously.

The Board next deferred recessing to executive session to discuss real property matters pursuant to §551.072, Texas Government Code.

The Board next considered a proposal from ESD 16 for the purchase of Water Plant No. 1 from the District. The Board reviewed bids for demolition and noted the low bid is \$44,685. Mr. Marks reported that Mr. Dill had indicated to him that ESD 16 will accept the District's proposal and that the demolition would be performed once receiving approval from the TCEQ. After discussion, Director Manning made a motion to authorize Mr. Marks to work with Mr. Dill in the preparation of a contract with a \$100,000 sale price. Director Soileau seconded the motion, which carried unanimously.

The Board next considered the status of the North Harris County Regional Water Authority. No one present had anything new 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 approval of plans and specifications and authorize advertisement for bids for the wastewater system rehabilitation project. Mr. Bordelon reported that A&S has received approval from the City of Houston and that A&S will advertise for bids in the next few weeks. After discussion, Director Manning made a motion to approve the plans and specifications and authorize advertisement for bids for the wastewater system rehabilitation project. Director Andrade seconded the motion, which carried unanimously.

The Board next considered approval of plans and specifications and authorize advertisement for bids for the demolition of Water Plant No. 1. Mr. Bordelon reported that the low bidder is Gemini Contracting Services, Inc. ("Gemini") in the amount of \$44,685.00 and recommended that the Board award the contract to same. He presented an executed TEC Form 1295 in connection with the bid. After discussion, Director Soileau made a motion to award the contract to Gemini, as set out above and contingent to TCEQ approval. Director Manning seconded the motion, which carried unanimously.

The Board next considered the status of the contract with The Trey Evans Co. for the Water Plant No. 3 Recoating. Mr. Bordelon presented Pay Application No. 1 in the amount of \$37,350.00 and recommended that the Board approve payment of same. After discussion, Director Manning made a motion to approve the payment of Pay Application No. 1 as set out above. Director Andrade seconded the motion, which carried unanimously.

The Board next considered the acceptance of site and/or easement conveyances for facilities constructed or to be constructed for the District. Mr. Marks presented a Special Warranty Deed for the detention pond to serve Stonebrook Estates, Section 2. After discussion, Director Manning made a motion to accept the Special Warranty Deed and to authorize the President to execute same on behalf of the Board and District. Director Soileau seconded the motion, which carried unanimously.

The Board next deferred considering the annual review of the Resolution Adopting Prevailing Wage Rate Scale for Construction Projects.

The Board next considered the status of development of property within the District. Mr. Jones reported that all is going well.

The Board next considered authorizing the preparation of a Bond Application Report for the District's Series 2017 Bonds. Mr. Bordelon reviewed a cost summary with the Board. After discussion, Director Soileau made a motion to approve the revised cost summary and to authorize the District's consultants to proceed with the preparation of a Bond Application Report. Director Andrade seconded the motion, which carried unanimously.

The Board next considered the issuance of utility commitments. Mr. Bordelon stated he had none to report.

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. 18356 through 18404, inclusive, and on the Capital Projects Fund being check no. 5603 and one wire, as identified in the report. Director Soileau seconded the motion, which carried unanimously.


The Board next deferred considering the status of web site design and maintenance, including authorizing posting of District agendas on website. After discussion on the matter, the Board took no action.

The Board next considered proposal relative to renewal of the District's insurance coverage for term expiring March 31, 2017. Mr. Marks distributed the attached renewal proposals received from Highpoint Insurance Group, LLC ("Highpoint") relative to property, comprehensive boiler and machinery, commercial general liability and hired car and non-ownership automobile liability, pollution liability, directors and officers liability, umbrella, public employee blanket crime, directors position schedule bond, tax assessor/collector bond, worker's compensation, and business travel coverage scheduled to expire on March 31, 2018. He noted that MRPC requested proposals from other insurance providers but that the other providers all declined to provide quotes. Mr. Marks stated that the premium decreased by \$5,463 due to the District being placed in a preferred rate tier. After discussion, Director Soileau made a motion to approve the proposal received from Highpoint for all coverage's set out above, and to authorize the President to execute same on behalf of the Board and District. Director Manning seconded the motion, which carried unanimously.

The Board next considered approval of Engagement Letter for Arbitrage Compliance Services relative to the District's Series 2007 and Series 2012 Bonds. Mr. Marks presented the engagement letters and executed TEC Form 1295s for the Board's approval. After discussion, Director Soileau made a motion to approve both engagement letters and to authorize the President to execute both on behalf of the Board and District. Director Manning seconded said motion, which carried unanimously.

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  
February 13, 2017

1. Tax Assessor/Collector Reports
2. Delinquent Tax Report
3. Tax Exempt Resolution
4. Operator's Report and related correspondence
5. Rate Order Revisions
6. Water Conservation Goals
7. Engineer's Report and related correspondence
8. Bookkeeper Report
9. Insurance Proposal