

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 119
Minutes of Board of Directors Meeting
May 8, 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 May 8, 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 of Municipal Accounts & Consulting, L.P. ("MA&C"); Kathy Wheeler of Wheeler & Associates, Inc. ("W&A"); Troy Bordelon of A&S Engineers, Inc. ("A&S"); David Rowe of Water District Management Co. ("WDM"); Sherri Greenwood of BKD, LLP ("BKD"); Randy Jones of Spring Cypress 54.25 Investment, LLC; 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 March 13, 2017. After review and discussion, Director Manning made a motion to approve the minutes of the meeting held on March 13, 2017, as written. Director Soileau seconded the motion, which carried unanimously.

The Board next considered the attached reports 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 months of March and April. Ms. Wheeler stated that 98.15% of the District's 2016 taxes had been collected through April 30, 2017. 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. 3368 through 3388, inclusive, and one wire, as identified in the tax assessor collector's reports. Director Soileau seconded the motion, which carried unanimously.

The Board next reviewed delinquent tax accounts and the Delinquent Collections Listings as of March 31, 2017, and as of April 30, 2017. The Board next reviewed the attached written reports dated April 5, 2017, and May 3, 2017, which had been prepared by the District's delinquent tax attorney, Ted A. Cox, P.C. ("Cox"). After discussion, Director Manning made a motion to authorize Cox to move the balances for years 2011 through 2016 for the account no. 116-167-007-0032 to the uncollectable roll. Director Soileau seconded the motion, which carried unanimously.

The Board next noted that the water service for 17503 Menthil is still off due to failure to pay delinquent taxes and requested that WDM call the Sheriff to request a welfare check at the residence.

Mr. Marks next advised the Board that pursuant to Section 33.07 of the Property Tax Code, as amended, the Board is authorized to impose, under certain conditions, an additional penalty not to exceed twenty percent (20%) of the total real property taxes, penalty and interest due the District on July 1 on taxes that remain delinquent as of July 1 of the year in which they become delinquent. After discussion, Director Manning made a motion to adopt the attached Resolution Authorizing Additional Penalty on Delinquent Real Property Taxes. Director Andrade seconded the motion, which carried unanimously.

The Board next considered the attached reports on the District's water, sanitary sewer and storm sewer systems for the months of March and April. Mr. Rowe reported that the water accountability percentage for the month is 92.78%. 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 trash dump at the Wastewater Treatment Plant has been cleared and that WDM will notify residents of the annual flushing coming up in the next water bill.

Mr. Rowe next proposed that the District install a fence or pipe bollards around the District's Wastewater Treatment Plant to prevent future trash dumps. He noted that the fence would cross a HCFCD easement so they would need to be involved. The Board noted that trash dumps have only been a recent occurrence and suggested notifying the sheriff of the activity. After discussion, the Board took no further action.

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 \$319.15, and to write-off two (1) delinquent accounts in the total amount of \$7.75, as outlined in the attached Collections Lists and Charged Off Lists. After discussion, Director Manning made a motion to authorize WDM to turn over the three (3) subject accounts to CUT for collection and to write-off the two (2) subject accounts, as set out above. Director Soileau seconded the motion, which carried unanimously.

Mr. Rowe next reported that online bill pay is up to 40%. The Board discussed the billing service provider, First Billing Services. Mr. Rowe recommended that the Board authorize WDM to switch providers due to changing service charges. Ms. Wheeler recommended that Mr. Rowe look at Certified Payments. After discussion, the Board requested that Mr. Rowe prepare a spread sheet showing the options and costs for the District.

The Board next discussed the District's participation in the Water Wise Program and concurred to add an item to the next agenda regarding same.

The Board next considered the approval of the Consumer Confidence Report ("CCR") and authorizing the distribution of same to District residents. After discussion, Director Manning made a motion to approve the CCR, subject to review by MRPC, and to authorize the distribution to consumers in the District. 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 approval of a contract for the purchase of Water Plant No. 1 by ESD 16 from the District. After discussion, Director Manning made a motion to approve the contract and authorize the President to execute same on behalf of the Board and District. Director Andrade 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 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 deferred authorizing the preparation of plans and specifications for Ground Storage Tank and Water Plant No. 3.

The Board next considered the review of bids and award of contract for the wastewater system rehabilitation project. Mr. Bordelon recommended that the Board award the contract to the low bidder, Lopez Utilities Contractor, LLC ("Lopez"), in the amount of \$446,911.25. He presented an executed TEC Form 1295 from Lopez in connection with the bid. After discussion, Director Soileau made a motion to award the contract to Lopez, as set out above. Director Manning seconded the motion, which carried unanimously.

The Board next considered the status of the contract with Gemini Contracting Services, Inc. for the demolition of Water Plant No. 1. Mr. Bordelon reported that TCEQ approval has been obtained and that construction will begin shortly. He noted that this will be the District's last meeting at the current meeting place.

The Board next considered the status of the contract with The Trey Evans Co. for Water Plant No. 3 recoating. Mr. Bordelon stated that the project is complete and recommended that the Board accept same. After discussion, Director Manning made a motion to accept the project as complete. 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. No one present had anything to report.

The Board next considered the status of development of property within the District. Mr. Jones reported that his development is proceeding.

The Board next considered the status of application for approval of the District's Series 2017 Bonds. Mr. Marks reported that the application was declared administratively complete by the TCEQ on April 18th. Mr. Bordelon stated that A&S will conduct a pre-purchase inspection in preparation for the inspection by the TCEQ.

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

Mr. Lasky next distributed to the Board the attached bookkeeping reports, investment reports, pledged securities reports, bills presented for payment and profit and loss statements 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. 18454 through 18556, inclusive, with check no. 18456 through 18460, inclusive, and 18505 being voided, and on the Capital Projects Fund being check no. 5605 and two wires, as identified in the reports. Director Andrade seconded the motion, which carried unanimously.

Mr. Lasky next presented and reviewed with the Board the attached proposed operating budget for the District's fiscal year ending April 30, 2018. After discussion, Director Manning made a motion to adopt the proposed operating budget, as written. Director Andrade seconded the motion, which carried unanimously.

The Board next considered the approval of an Order Establishing an Additional Meeting Place Outside the District. Mr. Marks presented the Order Establishing an Additional Meeting Place Outside the District (the "Order") designating WDM's new office at 13927 Boudreaux Road, Tomball, Texas as a meeting place outside of the District. It appeared that this location would be convenient to establish such office for the conduct of business not required to be transacted within the District. After discussion, Director Soileau made a motion to approve and adopt the Order, to authorize the Secretary to execute and the attorney to publish notice of designation of such meeting place outside the boundaries of the District, and to file true copies of the Order with the Texas Commission on Environmental Quality. Director Manning seconded the motion, which carried unanimously.

The Board next considered adoption of an Order Establishing Additional Meeting Place Inside the District at the Harris County Emergency Services District No. 16 Fire Station, 9711 Landry Boulevard, Spring, Texas 77383. After discussion, Director Soileau made a motion to pass and adopt the Order, as set out above. Director Manning seconded the motion, which carried unanimously.

The Board next considered the status of web site design and maintenance. No one present had anything to report.

The Board next considered engagement of auditor to prepare the District's audit report for the fiscal year ending April 30, 2017. Ms. Greenwood presented a proposal regarding BKD's qualifications relative to the performance of auditing procedures regarding the District's audit. She stated that BKD's fee for the preparation of the District's audit for the fiscal year ending April 30,

2017, was estimated to be \$18,100.00, plus expenses. Ms. Greenwood presented BKD's fully executed Form 1295. After discussion, Director Soileau made a motion to engage BKD to prepare the District's audit report for the fiscal year ending April 30, 2017, as set out above. Director Manning seconded the motion, which carried unanimously.

The Board next considered matters for possible placement on future agendas. Mr. Marks presented the attached correspondence from Northwest Houston Chamber of Commerce. The Board took no action.

Mr. Marks next presented the attached correspondence from Build America Mutual. The Board took no action.

Mr. Jones next reported that the Overland Institute featured the Statebook development in its recent publication.

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


Secretary, Board of Directors

ATTACHMENTS

May 8, 2017

1. Tax Assessor/Collector Reports
2. Delinquent Tax Reports
3. Operator's Reports and related correspondence
4. Engineer's Report and related correspondence
5. Bookkeeper Reports
6. Budget for Fiscal Year Ending April 30, 2018
7. Northwest Houston Chamber of Commerce Correspondence
8. Build America Mutual Correspondence