

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 119
Minutes of Board of Directors Meeting
August 14, 2017

The Board of Directors ("Board") of Harris County Water Control and Improvement District No. 119 met at 13927 Boudreaux Road, Tomball, Harris County, Texas, on August 14, 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 Directors Williams and Andrade, thus constituting a quorum.

Also present were Anthony Lasky 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 and Josh Rowe of Water District Management Co. ("WDM"); Sherri Greenwood of BKD, LLP ("BKD"); Randy Jones of Spring Cypress 54.25 Investment, LLC; Craig Rathmann of Rathmann and Associates, L.P. ("Rathmann"); Kay Serventi of Republic Services, Inc. ("Republic"); and David Marks of Marks Richardson PC ("MRPC").

As the first order of business, the Board considered comments from members of the public. Mr. Marks reported that a resident within the District, Teresa DeLorenzo, had contacted WDM, Republic and MRPC regarding Republic not picking up her trash on scheduled pick-up days. He reported that Ms. DeLorenzo has requested better communication by Republic and a way for residents to directly communicate with the Board of Directors. Mr. Marks noted that he directed Ms. DeLorenzo to the District web site.

The Board next reviewed and considered the approval of the minutes of the meeting held on July 10, 2017. After review and discussion, Director Manning made a motion to approve the minutes of the meeting held on July 10, 2017, as written. Director Soileau seconded the motion, which carried unanimously.

Mr. Rathmann next reported that, pursuant to the Notice of Sale published by the District, public bids for the sale of the District's proposed \$4,850,000 Unlimited Tax Bonds, Series 2017 (the "Bonds") were received by Rathmann on behalf of the District. He stated that five (5) bids were received and reviewed the attached bid tabulation with the Board. Mr. Rathmann advised the Board that the apparent low bid was submitted by SAMCO Capital Markets, Inc. at a net effective interest rate of 3.207506%. He advised that accuracy of the bids had been confirmed and recommended that the Board award the sale of the Bonds to SAMCO Capital Markets, Inc. Mr. Rathmann further advised that the District received an investment grade rating of A from Moody's Investor Service and an insurance commitment from Assured Guaranty Municipal Corp.

("AGM"). After discussion, Director Soileau moved to accept the low bid of SAMCO Capital Markets, Inc. for the purchase of the Bonds at a net effective interest rate of 3.207506% with insurance provided by AGM. Director Manning seconded the motion, which passed unanimously.

The Board next considered adoption of an Order authorizing the issuance, sale and delivery of the District's Series 2017 Unlimited Tax Bonds. Mr. Marks reviewed the terms and provisions of the Bond Order with the Board. The Bond Order was considered by the Board, and Director Soileau moved that the Bond Order be passed and adopted by the Board and District. Director Manning seconded the motion, which passed unanimously.

The Board next considered authorizing the completion and distribution of a Final Official Statement to be prepared by Rathmann in connection with the District's Bonds. After review and discussion, Director Manning moved to authorize the completion and distribution of a Final Official Statement. Director Soileau seconded the motion, which passed unanimously.

The Board next considered approval of a Paying Agent/Registrar Agreement by and between the District and The Bank of New York Mellon Trust Company, N.A. relative to the Bonds. Mr. Marks reviewed the provisions of the Agreement. After discussion, Director Manning moved to approve the Paying Agent/Registrar Agreement. Director Soileau seconded the motion, which passed unanimously.

As the next order of business, the Board considered acting upon any other matters required in connection with the Bonds. Mr. Marks presented and reviewed the General Certificate, the Signature and No-Litigation Certificate with Letter of Instruction to the Attorney General, and the initial bonds relative to the sale of such bonds. After further discussion, Director Manning moved to authorize the District's officers to execute the documents, and to authorize MRPC to handle all matters relative to the bond sale, including submission of a transcript of proceedings to the Attorney General of the State of Texas. Director Soileau seconded the motion, which passed unanimously.

The Board next deferred consideration of the approval of an audit report for the fiscal year ended April 30, 2017, until later in the meeting.

The Board next considered review of proposals for solid waste and recycling collection services in the District. The Board discussed resident complaints regarding current garbage collection services. The Board then agreed to review proposals for solid waste and recycling collection services at the Board meeting on September 11, 2017, at which time each provider will make a presentation to the Board.

The Board next deferred consideration of the Termination of Exclusive Residential Refuse Service Contract with Republic Waste Services of Texas, Ltd. and the approval of a contract for solid waste collection and recycling services with an alternate provider.

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. McCoy stated that 99.16% of the District's 2016 taxes had been collected

through July 31, 2017. After review and discussion of the report, Director Manning made a motion to approve the report and authorize payment on the Tax Account, being check nos. 3402 through 3408, inclusive, 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 Listing as of July 31, 2017.

The Board next reviewed the attached written report dated August 8, 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 four (4) 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 approval of an audit report for the fiscal year ended April 30, 2017. Ms. Greenwood reviewed the attached draft audit report and management letter prepared by BKD. After discussion, Director Manning 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 District's water, sanitary sewer and storm sewer systems for the month of July.

Mr. Rowe reported that the water accountability percentage for the month is 93.37%. 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 fire hydrant inspection is now complete and one (1) hydrant will need to be replaced.

Mr. Rowe reported that two (2) brass solenoid valves on the fine screen compactor assembly were installed at the Wastewater Treatment Plant.

Mr. Rowe next requested that the Board consider authorizing WDM to write-off two (2) delinquent accounts in the total amount of \$130.00, as outlined in the attached Collections Lists and Charged Off Lists. After discussion, Director Manning 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. Rowe reported that he would be providing information regarding water conservation in the District for the National Night Out event.

Mr. Rowe reported that there is a St. Jude Walk/Run to End Childhood Cancer on September 23, 2017, at 8:00 a.m. at Minute Maid Park.

The Board next considered the status of contract for the purchase of Water Plant No. 1 by ESD 16 from the District. Mr. Marks reported on the status.

The Board next deferred considering approval of Declaration of Easements and approval of Resolution Declaring Sanitary Control Restrictions.

The Board next deferred consideration of the approval of Out of District Service Contract with ESD 16.

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 considered authorizing the preparation of plans and specifications for Ground Storage Tank at Water Plant No. 3. Mr. Bordelon presented and reviewed the attached cost and maintenance analysis for four (4) different types of tanks, including a prestressed concrete tank, galvanized bolted tank, welded steel tank and a glass lined tank. After discussion, Director Manning made a motion to authorize preparation of the plans and specifications for a prestressed concrete tank at Water Plant No. 3, and a glass lined tank as an alternate. Director Soileau 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 work has commenced on the project.

The Board next considered the status of the contract with Lopez Utilities Contractor, LLC for the wastewater system rehabilitation project. Mr. Bordelon reported that work has commenced on the project.

Mr. Bordelon next reported that the WWTP permit renewal application was submitted on July 19, 2017. He also stated that the storm water permit for Stonebrook Estates had been approved and the storm water permit for North Pond on Memorial Springs was in process.

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 he expects a slowdown of development in September.

Mr. Bordelon next reported that A&S has been working on the pre-purchase inspection of facilities in preparation of the Series 2017 Bonds and is currently waiting on the TCEQ to schedule an appointment for the inspection of facilities.

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 report, 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 Soileau made a motion to approve the reports and authorize payment on the Operating Account being check nos. 18657 through 18708, inclusive, with check no. 18662 being voided, as identified in the reports. Director Manning seconded the motion, which carried unanimously.

The Board next concurred to add an item to the website regarding solid waste and recycling collection issues.

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

August 14, 2017

1. Bid Tabulation and Rating Letter for Series 2017 Bonds
2. Tax Assessor/Collector Report
3. Delinquent Tax Report
4. Draft Audit Report for FYE April 30, 2017
5. Operator's Report and related correspondence
6. Engineer's Report and related correspondence
7. Bookkeeper Report