

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 119
Minutes of Board of Directors Meeting
September 11, 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 September 11, 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, 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 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"); Craig Rathmann of Rathmann and Associates, L.P. ("Rathmann"); Matthew May of Best Trash; Charles Gregory of Pinnacle Waste Solutions, LLC ("Pinnacle"); Gerald Wolf and Curtis Brown of Residential Recycling and Refuse of Texas ("RRRT"); Kevin Atkinson of Texas Pride Disposal ("Texas Pride"); Kay Serventi and Tiffany Hansen of Republic Services, Inc. ("Republic"); 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 proposals for solid waste and recycling collection services. Mr. Matthew May of Best Trash introduced himself to the Board and presented the attached proposal for residential solid waste and recycling collection and stated that a three (3) year fixed rate contract would be \$16.22 per month. He stated that Best Trash was founded seven (7) years ago and serves approximately one hundred fifty (150) districts with seventy-five (75) operating truck haulers. Mr. May stated that Best Trash has never lost a contract due to a service failure. Mr. May stated that should the District enter into a contract with Best Trash he would request a cancel for cause clause in the contract with cause determined is Board's sole discretion. After a brief question and answer period with the Board, Mr. May exited the meeting.

Mr. Charles Gregory of Pinnacle entered the meeting at this time and introduced himself to the Board. He reviewed the attached proposal for residential solid waste and recycling services with the Board and stated that a two (2) year fixed rate contract would be \$14.77 per month. Mr. Gregory stated that he formerly owned Royal Waste. He recommended that the District convert from the eleven (11) gallon trash containers to the ninety-six (96) gallon trash containers, which would reduce the costs for the District. He stated that in order to supply the ninety-six (96) gallon

trash containers the contract with the District would need to be a five (5) year contract. After a brief question and answer period with the Board, Mr. Gregory exited the meeting.

Mr. Gerald Wolf and Mr. Curtis Brown of Residential Recycling and Refuse of Texas ("RRRT") entered the meeting at this time and introduced themselves to the Board. Mr. Wolf and Mr. Brown reviewed the attached proposal for solid waste collection and recycling services with the Board and stated that a two (2) year fixed rate contract would be \$14.50 per month. Mr. Wolf stated that RRRT has third eye cameras on every truck to monitor safety and pick-up times. He stated that RRRT offers extra services which include handicapped/garage door collection services and E-waste and document destruction events. After a brief question and answer period with the Board, Mr. Wolf and Mr. Brown exited the meeting.

Mr. Atkinson of Texas Pride entered the meeting at this time and introduced himself to the Board. He reviewed the attached proposal for solid waste collection services with the Board and stated that a two (2) year fixed rate contract would be \$13.82 per month. He stated that Texas Pride services 80,000 customers with thirty (30) trucks and that there are three (3) customer service representatives in the office. Mr. Atkinson stated that he would be the contact for the Board if there are any problems or concerns with service. He stated that Texas Pride only has Tuesday/Friday pick-up days available at this time. After a brief question and answer period with the Board, Mr. Atkinson exited the meeting.

Ms. Kay Serventi and Ms. Tiffany Hansen of Republic entered the meeting at this time and reviewed the attached proposal. Ms. Serventi stated that Republic has a new general manager overseeing the area where the District is located. She stated that Republic would be issuing the District a refund for the billing overages charged to the District this year. Ms. Serventi stated that Republic would hold the District's current rate of \$16.27 per month for two (2) years. After a brief question and answer period with the Board, Ms. Serventi and Ms. Hansen exited the meeting.

The Board discussed the proposals received for solid waste collection and recycling services and deferred action on the matter until next month's meeting. The Board requested that Mr. Marks request a proposal from Texas Pride for two (2), three (3) and four (4) year contracts.

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 reviewed and considered the approval of the minutes of the meeting held on August 14, 2017. After review and discussion, Director Manning made a motion to approve the minutes of the meeting held on August 14, 2017, as written. Director Soileau seconded the motion, which carried unanimously.

The Board next considered approval of an audit relative to payment of proceeds of the District's \$4,850,000 Unlimited Tax Bonds, Series 2017 (the "Bonds") and authorizing disbursement of Bond proceeds in accordance therewith. Ms. Greenwood reviewed with the Board the attached draft audit report which had been prepared by BKD in connection with the reimbursement of costs. Ms. Greenwood discussed (i) amounts to be reimbursed to the developer

relative to Stonebrook Estates, (ii) additional interest due on fees paid relative to the easement condemnation, and (iii) amounts to be reimbursed to the developer from the proceeds of the \$4,340,000 Unlimited Tax Bonds, Series 2016. After discussion on the matter, Director Soileau made a motion to approve the report, as revised, to pay the various developers in accordance with the audit report and to disperse other bond proceeds in accordance with the audit report, subject to receipt by the District of the TCEQ pre-purchase inspection letter and developer receipts. Director Manning 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 August. Ms. McCoy stated that 99.43% of the District's 2016 taxes had been collected through August 31, 2017. After review and discussion of the report, Director Soileau made a motion to approve the report and authorize payment on the Tax Account, being check nos. 3409 through 3416, inclusive, as identified in the tax assessor collector's reports. Director Manning seconded the motion, which carried unanimously.

The Board next reviewed delinquent tax accounts and the Delinquent Collections Listing as of August 31, 2017.

The Board next reviewed the attached written report dated September 6, 2017, which had been prepared by the District's delinquent tax attorney, Ted A. Cox, P.C. ("Cox"). There was no action to be taken.

The Board next considered the attached report on the District's water, sanitary sewer and storm sewer systems for the month of August.

Mr. Rowe reported that the water accountability percentage for the month is 93.28%. He next reported that the District's facilities operated in compliance with their respective permits during the month.

Mr. Rowe next reported regarding a leaking water line valve at the water plant at Landry Blvd. He stated that an attempt was made to exercise the valve but same did not resolve the leaking. Mr. Rowe stated that the water line was eliminated and relocated for tapping by the fire station.

Mr. Rowe next requested that the Board consider authorizing WDM to turn over four (4) delinquent accounts to Collections Unlimited of Texas ("CUT") for collection, in the total amount of \$975.05, 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 four (4) subject accounts to CUT for collection, as set out above. Director Andrade seconded the motion, which carried unanimously.

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

The Board next considered the status of contract for the purchase of Water Plant No. 1 by ESD 16 from the District. Mr. Bordelon reported that the contractor, Gemini Contracting Services, Inc. ("Gemini"), has been delayed on the project due to their office flooding but that surveys were received related to the subject site. The Board discussed the delay in the demolition of the water plant site and concurred to solicit bids from alternate contractors if Gemini is not back working within the next week. After discussion, Director Soileau moved that A&S be authorized to solicit bids for the demolition of Water Plant No. 1, if Gemini has not begun working on the project within the next week. Director Manning seconded the motion, which unanimously carried.

The Board next discussed the revised layout for the contract with ESD 16. Mr. Bordelon stated that ESD 16 is no longer constructing a maintenance facility on the back acreage of the property but will most likely build a training and storage facility.

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

The Board next considered the review and approval of a Closing Letter prepared by Rathmann. Mr. Rathmann presented and reviewed the attached Closing Letter. After discussion, Director Manning made a motion to approve the Closing Letter and to authorize the disbursement of funds in accordance with the closing memo, as discussed above. Director Andrade seconded the motion, which carried unanimously.

The Board next considered review, execution and filing of Internal Revenue Service reporting form 8038-G relative to the District's Bonds. After discussion, Director Manning moved to approve the reporting form and to authorize the President of the Board to execute same on behalf of the Board and District. Director Andrade seconded the motion, which carried unanimously.

Mr. Marks next presented and reviewed the attached correspondence from MRPC, as bond counsel, regarding the expenditure and investment of the bond proceeds and Internal Revenue Service Restrictions on same.

The Board next considered the approval and execution of various closing documents and the authorization for Bond Counsel to close the sale of the Bonds. Mr. Marks reviewed various closing documents with the Board, including the No-Litigation Certificate, the District's Receipt, the Federal Tax Certificate, and the attached draft Closing Memo and advised that the closing is scheduled for Tuesday, September 19, 2017, at 10:00 a.m. After discussion, Director Manning moved to approve the above-referenced documents, to authorize the President and Secretary to execute same on behalf of the Board and District, to authorize the disbursement of funds in accordance with the closing memo, subject to receipt of the TCEQ pre-purchase inspection letter, and to authorize MRPC to deliver same, as appropriate, upon the closing of the Bonds. Director Andrade seconded the motion, which carried unanimously.

Mr. Marks next presented a Sixth Amendment to the Eleventh Amended and Restated District Information Form for the Bonds. After discussion, Director Manning moved to approve the Amendment and to authorize the Board members present to execute same. Director Andrade seconded the motion, which carried unanimously.

The Board next reviewed the Financial Advisor's recommendation concerning the establishment of the District's 2017 tax rate. Mr. Rathmann reviewed the attached recommendation and recommended that the District levy a 2017 debt service tax rate of \$0.41 per \$100 of valuation and a 2017 maintenance tax rate of \$0.07 per \$100 of valuation. He stated that this would add approximately \$193,000 to the District's operating fund. After discussion, Director Manning made a motion authorizing the District's Tax Assessor/Collector to publish notice of a public hearing on the adoption of a proposed 2017 total tax rate of \$0.48 per \$100 of valuation, consisting of a debt service tax rate of \$0.41 per \$100 of valuation and a 2017 maintenance tax rate of \$0.07 per \$100 of valuation to be held at the District's next regular meeting. 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 considered the approval of plans and specifications and authorizing advertisement for bids for Ground Storage Tank at Water Plant No. 3. Mr. Bordelon stated that A&S has commenced design plans and specifications for the project.

The Board next deferred consideration of the status of the contract with Gemini Contracting Services, Inc. for the demolition of Water Plant No. 1.

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 A&S has published the first notice of the WWTP permit renewal and will submit the required documentation to the TCEQ. He also stated that the storm water permit for North Pond on Memorial Springs had been approved and the storm water permit for Stonebrook Estates was in process.

Mr. Bordelon next reported that A&S has been working on the pre-purchase inspection of facilities relative to 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 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 there was no flooding in Stonebrook Estates.

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

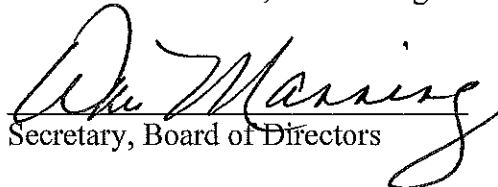
Mr. Lasky next distributed to the Board the attached bookkeeping report, investment reports, pledged securities reports, bills presented for payment and profit and loss statements for the District's fiscal year, prepared by MA&C, the District's bookkeeper. After review and discussion of the reports, Director Manning made a motion to approve the reports and authorize payment on the Operating Account being check nos. 18707 through 18757, inclusive, as identified in the reports. Director Andrade seconded the motion, which carried unanimously.

Mr. Lasky next presented the attached Quarterly Investment Report which had been prepared by MA&C, relative to the District's Debt Service Fund, Construction Fund and Operating Fund for the reporting period through July 31, 2017. After review of the Report, Director Manning made a motion to approve the Report and authorize the District's Investment Officer to execute same on behalf of the Board and District. Director Andrade seconded the motion, which carried unanimously.

The Board next considered the approval of an Engagement Letter from Arbitrage Compliance Services relative to the District's Series 2013 Bonds. Mr. Marks presented the engagement letter and executed TEC Form 1295 for the Board's approval. After discussion, Director Manning made a motion to approve the engagement letter and to authorize the President to execute same on behalf of the Board and District. Director Soileau 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

August 14, 2017

1. Best Trash Proposal
2. Pinnacle Proposal
3. RRRT Proposal
4. Texas Pride Proposal
5. Republic Proposal
6. Draft Reimbursement Audit dated September 11, 2017
7. Tax Assessor/Collector Report
8. Delinquent Tax Report
9. Operator's Report and related correspondence
10. Closing Letter prepared by Rathmann
11. Correspondence from MRPC relative to 2017 Bonds
12. 2017 Tax Rate Recommendation
13. Engineer's Report and related correspondence
14. Bookkeeper Report
15. Quarterly Investment Inventory Report dated July 31, 2017