

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 119
Minutes of Board of Directors Meeting
November 13, 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 November 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 Directors Williams, thus constituting a quorum.

Also present were Anthony Lasky of Municipal Accounts & Consulting, L.P. ("MA&C"); Ray Arce 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"); Randy Jones of Spring Cypress 54.25 Investment, LLC; Brad Dill of BD Realty Advisors, LLC ("BD"); Khalid Khan, resident of the District; 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 October 9, 2017. After review and discussion, Director Manning made a motion to approve the minutes of the meeting held on October 9, 2017, as written. Director Soileau 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 October. Mr. Arce stated that 99.60% of the District's 2016 taxes, and 2.50% of the District's 2017 taxes had been collected through October 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. 3421 through 3423, 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 October 31, 2017.

The Board next reviewed the attached written report dated November 7, 2017, which had been prepared by the District's delinquent tax attorney, Ted A. Cox, P.C. ("Cox").

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

Mr. Rowe next discussed a request from Mr. Khalid Khan, who resides at 17939 Melissa Springs, requesting that the District investigate the sanitary sewer main blockages occurring at his residence. Mr. Rowe advised that the problem appears to be caused by grease accumulation in the sanitary sewer line and reminded the Board that the issue was previously discussed in 2014. He stated that the sanitary sewer line runs under Mr. Khan's neighbor's driveway. Mr. Rowe stated that Mr. Khan would like the District to relocate the sanitary sewer line. After discussion, the Board concurred that WDM investigate the relocation options for the sanitary sewer line and report to the Board at the next meeting.

Mr. Rowe reported that the replacement of booster pump #2 is now complete. He stated that the sanitary sewer line at 9902 Dornoch was replaced.

Mr. Rowe 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 \$135.48, and to write-off one (1) delinquent account in the total amount of \$24.76, 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 two (2) subject accounts to CUT for collection and to write-off the one (1) subject account, as set out above. Director Soileau seconded the motion, which carried unanimously.

Mr. Rowe reported that the water accountability percentage for the month is 93.16%. He next reported that the District's facilities operated in compliance with their respective permits during the month.

The Board next considered the status of transfer of garbage collection to Texas Pride. Mr. Rowe reported that notice of the change in garbage collection service was sent out in October water bills.

The Board considered the status of purchase of Water Plant No. 1 by Emergency Services District No. 16 ("ESD 16") from the District. Mr. Marks stated that ESD 16 is tentatively scheduled to close on the purchase of Water Plant No. 1 on November 30, 2017.

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 the survey has been received and that A&S commenced design plans and specifications.

The Board next considered the status of the contract with Gemini Contracting Services, Inc. for the demolition of Water Plant No. 1. Mr. Bordelon presented Pay Application No. 1 and Final in the amount of \$44,685.00 and recommended that the Board approve payment of same. After discussion, Director Soileau made a motion to approve the payment of Pay Application No. 1 and Final as set out above. Director Manning seconded the motion, which carried unanimously.

The Board next considered the status of the contract with Lopez Utilities Contractor, LLC for the wastewater system rehabilitation project. Mr. Bordelon presented Pay Application No. 1 in the amount of \$218,339.10 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.

Mr. Bordelon next reported that A&S has submitted all the required documentation to the Texas Commission on Environmental Quality (“TCEQ”) relative to the WWTP permit renewal. He also stated that the storm water permit for North Pond on Memorial Springs has been approved and the storm water permit for Stonebrook Estates was submitted on October 2, 2017.

Mr. Bordelon next reported that the pre-purchase inspection of facilities relative to the Series 2017 Bonds was held on October 4, 2017, and that no deficiencies were noted.

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 are two (2) lots left in Section One and twenty (20) out of fifty-six (56) lots committed within Section Two. Mr. Jones stated that there was a delay in the bond funding due to TCEQ pre-purchase inspection delay and therefore would line the District to pay the additional interest on reimbursements made out of the proceeds of the Series 2017 Bonds. He stated that BKD, LLP, the District’s auditor, has calculated the interest carry per diem at \$103.45 per day from September 20, 2017, totaling \$3,103.50. After discussion, Director Manning made a motion to authorize the disbursement of the additional funds for developer interest to Stonebrook-Krueger Corporation totaling \$3,103.50, as discussed above. Director Soileau seconded the motion, which carried unanimously.

The Board next considered the issuance of utility commitments. Mr. Marks reported regarding the re-issuance of a utility commitment letter previously issued to Surety Homes on October 10, 2016, relative to an 11.790-acre tract of land. He stated that the entity name has changed to Champion Heavens Property Investors LLC. The Board discussed that the re-issuance of the commitment would require A&S to design a lift station to serve the tract of land. The Board deferred action on the request.

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. 18792 through 18848, inclusive, with check

nos. 18722, 18740 and 18772 being voided, and on the Capital Projects Fund being check nos. 5619 through 5622, inclusive and two wires, as identified in the reports. Director Soileau seconded the motion, which carried unanimously.

The Board next deferred considering annual review of an Order Establishing Policy for Investment of District Funds and Appointing Investment Officer.

The Board next deferred considering engagement of Arbitrage Compliance Specialists, Inc. relative to the District's Series 2010 Bonds.

The Board next considered matters for possible placement on future agendas. Mr. Marks advised the Board that Mr. John Piaz of Champion Heavens Property Investors LLC would be attending next month's meeting to address the Board.

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


Secretary, Board of Directors

ATTACHMENTS
November 13, 2017

1. Tax Assessor/Collector Report
2. Delinquent Tax Report
3. Operator's Report and related correspondence
4. Engineer's Report and related correspondence
5. Bookkeeper Report