

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 119
Minutes of Board of Directors Meeting
August 13, 2018

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 13, 2018, 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:

John Soileau, President
William Manning, Vice President
Salvador Andrade, Secretary
Andrew R. Phelps, Assistant Secretary/Treasurer
Matthew Pentifallo, Assistant Secretary

and all of said members were present, except Director 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 of Water District Management Co. ("WDM"); Sherri Greenwood of BKD, LLP ("BKD") and David Marks and Ryan Ashcraft 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 July 9, 2018. After review and discussion, Director Manning made a motion to approve the minutes of the meeting held on July 9, 2018, as written. Director Pentifallo seconded the motion, which carried unanimously.

The Board next deferred consideration of the status of garbage collection services by Texas Pride. No one present had anything new to report.

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 99.17% of the District's 2017 taxes had been collected through July 31, 2018. After review and discussion of the report, Director Phelps made a motion to approve the report and authorize payment on the Tax Account, being check nos. 3496 through 3502, inclusive and two wire transfers, 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 July 31, 2018.

The Board next reviewed the attached written report dated August 6, 2018, 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 July.

Mr. Rowe reported that the water accountability for the month is 92.47%. He next reported that the District's facilities operated in compliance with their respective permits during the month.

Mr. Rowe next reported that WDM received two calls from customers complaining of discolored water. Director Phelps noted that he noticed the discoloration of water as well. Mr. Rowe stated that WDM did not find evidence of residuals in the water but is working to resolve the discoloration issue.

Mr. Rowe next reported that the bubbler at the detention pond has not yet been replaced. He also stated that the alligator weeds in the detention pond will be treated and removed at an estimated cost of \$1,600.

Mr. Rowe next reported that the clarifier gear box at the WWTP is still leaking and that WDM will add a heavier oil to see if the leaking stops.

Mr. Rowe next reported that there is a defective mixer at the WWTP that will be repaired for \$12,000 or replaced for \$15,000.

Mr. Rowe next requested that the Board consider authorizing WDM to turn over eight (8) delinquent accounts to Collections Unlimited of Texas ("CUT") for collection, in the total amount of \$567.42, and to write-off one (1) delinquent account in the total amount of \$1.18, as outlined in the attached Collections Lists and Charged Off Lists. After discussion, Director Phelps made a motion to authorize WDM to turn over the eight (8) subject accounts to CUT for collection and to write-off the one (1) subject account, as set out above. Director Pentifallo seconded the motion, which carried unanimously.

Mr. Rowe next reported that the new bill pay system with First Billing Services, LLC will go live on August 29, 2018.

The Board next considered the review and approval of a Water Supply and Waste Disposal Agreement by and between Morningstar Properties LLC ("Morningstar") and the District. Mr. Ashcraft stated that a notice of termination was sent to Gleanloch Storage LLC and Morningstar on July 18, 2018 advising Morningstar that if it would like to enter into a new contract for such services it would need to execute the new Agreement and send payment in the amount of \$3,000 payable to the District as required pursuant to Section 2 of the new Agreement. He stated that MRPC has not yet received a response from Morningstar. After discussion, the Board instructed MRPC to follow up with Morningstar and try to get the situation resolved prior to disconnection and instructed Mr. Rowe to proceed with giving the ten (10) day notice of terminating service in accordance with the time table set forth in the notice of termination if the new contract is not in place by those deadlines.

The Board next considered approval of an Interlocal Agreement with the Harris/Galveston Coastal Subsidence District relative to sponsorship of the Water Wise Program. After discussion, Director Soileau made a motion to approve the Interlocal Agreement with the Harris/Galveston Coastal Subsidence District. Director Manning 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 is currently preparing the project manual and bid package.

Mr. Bordelon next reported that A&S has provided comments to the design engineer for the Champions Heaven project and is awaiting revised plans. Mr. Marks stated that Champion Heavens has deposited the required \$10,000 with the District.

The Board next deferred consideration of the status of construction contracts and the approval of any change orders and/or acceptance of facilities for operation and maintenance purposes.

Mr. Bordelon next reported that the WWTP discharge permit will expire on February 1, 2023. He also stated that the storm water permit for the North Pond on Memorial Springs will expire on June 18, 2019 and the storm water permit for Stonebrook Estates, for which Mr. Bordelon has filed a renewal application, will expire on October 20, 2018.

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 deferred consideration of the status of development of property within the District as no developer was present at the meeting.

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

The Board next considered the approval of an audit report for the fiscal year ended April 30, 2018. Ms. Greenwood reviewed the attached draft audit report and management letter prepared by BKD. After discussion, Director Phelps 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 Manning seconded the motion, which carried unanimously.

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. 20126 through 20176, inclusive, as identified in the reports. Director Phelps seconded the 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.


K.S., Secretary, Board of Directors

ATTACHMENTS
August 13, 2018

1. Tax Assessor/Collector Report
2. Delinquent Tax Report
3. Operator's Report and related correspondence
4. Engineer's Report and related correspondence
5. Draft Audit Report for FYE 4/30/2018
6. Bookkeeper Report