

**HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 110
MINUTES OF MEETING OF BOARD OF DIRECTORS**

June 13, 2007

**THE STATE OF TEXAS
COUNTY OF HARRIS
HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 110**

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The Board of Directors (the "Board") of Harris County Water Control and Improvement District No. 110 (the "District") met in **regular session**, open to the public, at the designated meeting place of the Board in the District on **June 13, 2007**, whereupon the roll was called of the duly constituted officers and members of the Board, to-wit:

James N. Williams	-	President
Jeannie Satterwhite	-	First Vice President
Jerry A. Strickland	-	Second Vice President
Texas H. Stevens	-	Secretary
Tom Dowdy	-	Treasurer/Investment Officer

All members of the Board were present, except Director Stevens, thus constituting a quorum.

Also attending the meeting were David Caramanidis, Executive Facilities Coordinator for the District; Art Gerzak, Project Manager for the District; John Davis of Langford Engineering, Inc. ("Langford"), Engineers for the District; Mary Jarmon of Myrtle Cruz, Inc. ("Myrtle Cruz"), Bookkeeper for the District; Kenneth Byrd of Equi-Tax, Inc. ("Equi-Tax"), Tax Assessor for the District; Chris Zilko of Aqua Services, LP, Operator for the District ("Aqua Services"); Jim Robertson of the Cypress Creek Flood Control Coalition/Cypress Creek Greenway Project ("Cypress Creek Greenway Project"); Trey Lipsitz of Property Commerce Management Company; Robert Sepulveda representing Property Commerce; John Cannon, Esq. representing Portrait Homes; Sherry Greenwood of BKD LLP; Hasaw Syed and Jerry Preston of Edminster, Hinshaw, Russ & Associates ("Edminster"); Brannon Boozer, Sean Albin and Gerald Hodges of Portrait Homes; Bob Sordahl and Emmet Poindexter, residents of the District; and Lauren M. Gray and Joshua J. Kahn of Coats, Rose, Yale, Ryman & Lee, P.C. ("Coats-Rose"), Attorneys for the District.

The meeting was called to order and the following business was conducted.

HEAR FROM THE PUBLIC

The Board noted there were no members of the public present who wished to address the Board.

ENGAGE AUDITOR TO PERFORM AUDIT FOR FISCAL YEAR ENDING JULY 31, 2007

The Board recognized Ms. Greenwood, who presented the Board with a summary of auditor services and with an engagement letter for BKD's services, a copy of which is attached hereto.

Upon motion made by Director Strickland and seconded by Director Williams, the Board unanimously voted to engage BKD as the District's auditor to audit the financial records of the District for fiscal year ending July 31, 2007.

TAX ASSESSOR/COLLECTOR'S REPORT

The Board recognized Mr. Byrd of Equi-Tax, who presented the Board with the Tax Assessor/Collector's Report and checks for payment from the District's Tax Account. Mr. Byrd noted that 96.9% of the District's 2006 taxes have been collected.

Upon motion made by Director Strickland and seconded by Director Dowdy, the Board unanimously voted to approve the Tax Assessor/Collector's Report and to authorize the payment of checks listed therein.

BOOKKEEPER'S REPORT/INVESTMENT REPORT

The Board next recognized Ms. Jarmon, who submitted to and reviewed with the Board the Bookkeeper's Report and Investment Report, copies of which are attached hereto, and certain invoices for payment by the Board.

Ms. Jarmon presented the Board with a proposed budget for the fiscal year ending July 31, 2008. Discussion was held on the proposed budget and whether the budget could be approved prior to the approval of Mr. Gerzak and Mr. Caramanidis' individual project/budget items on the proposed budget. Accordingly, the approval of the overall budget was deferred pending the approval of individual project/budget items.

Upon motion made by Director Dowdy and seconded by Director Strickland, the Board unanimously voted to approve the Bookkeeper's Report and Investment Report, and the checks presented for payment.

OPERATOR'S REPORT

The Board next recognized Mr. Zilko, who presented to the Board the Operator's Report, a copy of which is attached hereto. Mr. Zilko reported that the District has 2,089 connections.

Mr. Zilko presented the Board with a proposal to replace a lift pump at Lift Station No. 6 as the cost of repair (\$2992) would amount to over 50% of the replacement cost (\$4992).

Mr. Zilko also informed the Board that Harris County MUD 249 ("MUD 249") needs to utilize its interconnect with the District on an emergency basis for three (3) days, beginning on Monday, June 18, 2007, due to an electrical switch problem being experienced by MUD 249.

Mr. Zilko also presented the Board with an invoice from MUD 249 for \$3,726.00, representing the District's pro rata share of the payment of maintenance fees for an access road on property shared by the District and MUD 249. The access road leads to a cell phone tower. It was noted by Director Satterwhite that the April invoice for maintenance reflected a higher amount than usual for maintenance fees. It was also noted that MUD 249 had leased the property for the cell phone tower without the District's knowledge or permission. Director Strickland requested that Mr. Zilko and the District's attorneys investigate the higher amount showing on the invoice and follow up on the issue of the cell phone tower.

Upon motion made by Director Satterwhite and seconded by Director Strickland, the Board unanimously voted to approve the Operator's Report and the installation of a new lift pump.

Termination of Water Service

Consideration was then given to the termination of water service to certain accounts for failure to pay their water bills. At this time, Mr. Zilko presented to the Board a list of terminations. The Board noted that there were no persons present at the meeting to protest their utility bills and/or the termination of water service to their property.

Upon motion duly made by Director Satterwhite and seconded by Director Strickland, the Board voted unanimously to authorize termination of water service with the assistance of a peace officer, if necessary, to the accounts listed in the termination report, a copy of which is attached hereto.

PROJECT MANAGER'S REPORT

Art Gerzak, Project Manager for the District, presented the Project Manager's Report. Mr. Gerzak informed the Board that he had received a rebate check from Best Buy for the laptop computer recently purchased by the District to replace Mr. Gerzak's computer which was stolen while he was on duty with the District. Mr. Gerzak was instructed by the Board to sign such check over to the District as the District had reimbursed the cost of the laptop to Mr. Gerzak.

ENGINEERING/DEVELOPMENT REPORT

The Board recognized Mr. Davis who presented the Engineering/Development Report.

Portrait Homes/Parkside

Mr. Cannon, Mr. Preston and Mr. Syed presented the Board with a proposal for a maintenance contract between Harris County Municipal Utility District No. 104 ("MUD 104") and the District wherein, inter alia, the District would maintain certain storm sewer pipes installed beneath MUD 104's detention pond. MUD 104 has agreed in concept to this project and will grant the District an easement across its detention pond to allow Portrait to install the pipes, provided the District agrees to maintain the pipes. Mr. Cannon stated that the District could then have a separate agreement with the Homeowners Association for Parkside Trails (the "Parkside Trails HOA") whereby the Parkside Trails HOA will maintain the drain pipes as well as all detention facilities in Parkside Trails. It was also proposed that Portrait would deposit sufficient funds with the District to pay for five (5) years of maintenance costs associated with the detention pond and outfall pipes.

The Board discussed and considered alternatives that would not involve maintenance responsibility, such as a pump basin that would not require an agreement with MUD 104, as opposed to the potential costs of maintaining the drain pipes. The Board requested that Portrait's consultants provide the Attorney for the District with a draft drainage easement agreement with MUD 104 and an agreement with the Parkside Trails HOA for maintaining the drainage facilities in Parkside Trails. Mr. Davis noted that the proposal, as explained by Portrait, might involve the District in a potentially costly and possibly litigious situation, similar to the problematic agreements between the District, Harris County Water Control and Improvement District No. 99 and Harris County Municipal Utility District No. 249.

Lakes of Cypress Forest, Detention Pond Phase II

Mr. Davis next updated the Board on the progress of Phase Two of the Lakes of Cypress Forest detention pond project. Mr. Davis presented the Board with Progress Estimate No. 12 and Final from LECON in the amount of \$19,727.67.

Survey for Security Fence

The Board discussed the need for a survey of the perimeter fence, security posts, and wires.

Restaurant - Application for Service

Mr. Davis presented the Board with an application for water and sewer service by Hoi Yin Restaurant ("Hoi Yin").

Request for Wastewater Service on Lakes of Cypress Forest Section 3

The Board was next presented with a letter requesting the provision of wastewater service by the District to 92 residential lots and one recreational facility in Lakes of Cypress Forest Section 3.

Tiremax Annexation Request for Water and Wastewater Service

Mr. Davis informed the Board that Curtis Morris is still refusing to grant an easement to Tiremax, necessary for Tiremax to obtain water and wastewater service from the District. The Board discussed alternatives to an easement over the Morris property, including condemnation and granting a variance on the District's Rate Order in order to allow the installation of a septic tank for Tiremax. As a condemnation proceeding would take months before reaching a resolution, the Board determined that a variance would be the more viable option.

Upon motion made by Director Strickland and seconded by Director Satterwhite, the Board unanimously (i) authorized the payment of LECON Progress Estimate No. 12 and Final in the amount of \$19,727.67; (ii) authorized the perimeter security fencing survey in the amount of \$3,200; (iii) accepted Hoi Yin's application for service; (iv) approved the provision of wastewater service to 92 residential lots and one recreational facility in Lakes of Cypress Forest Section 3; and (v) granted a waiver to Tiremax to allow a private septic tank subject to certain conditions.

Upon motion made by Director Strickland and seconded by Director Dowdy, the Board unanimously approved the Engineering/Development Report.

ATTORNEY'S REPORT

The Board recognized Ms. Gray and Mr. Kahn, who presented the Attorney's Report.

Approve Minutes of April 19, April 27 and May 3, 2007 Board Meetings

The approval of minutes for the Board meetings of April 19, April 27, May 3, May 9 and May 17, 2007 was deferred by the Board.

Approve Agreement with Tiremax for Service

Approval on the annexation agreement with Tiremax for water and wastewater service was deferred by the Board.

Approve Extending Letter of Commitment to Property Commerce

David Sepulveda and Trey Lipsitz appeared on behalf of Property Commerce, seeking a one year extension on the utility commitment letter agreement previously entered into by the District and Property Commerce.

Upon motion duly made and seconded, the Board agreed to extend said commitment.

Approve Resolution Relating to Issuance of Bonds

Approval on a resolution relating to the issuance of Bonds was deferred by the Board.

OTHER MATTERS

Ms. Gray reminded the Board that the Board now has a revised set of Park/Lakes rules for review and asked for any comments from the Board. In addition, Ms. Gray requested dollar amounts from Mr. Gerzak for the sewer treatment plant so that the resolution for use of surplus monies for the sewer plant can be completed. Ms. Gray also informed the Board that the District's attorneys are still awaiting prices and values from Mr. Caramanidis' office for the inventory list. Ms. Gray also noted that the park trail proposed by the Cypress Greenway Project may open the District's park to non-residents by virtue of the trail adjacent the District's park.

At this time the Attorney and Engineers left the meeting.

PRESENTATION BY CYPRESS CREEK FLOOD CONTROL COALITION/CYPRESS GREENWAY PROJECT

Jim Robertson, President of the Cypress Creek Greenway Project presented the Board with a proposal for a walking trail that would extend along Cypress Creek, adjacent to the District's park.

There being no further business to come before the Board, upon motion duly made and seconded, the meeting was adjourned.

APPROVED THIS

July 12, 2007


Secretary, Board of Directors