

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

June 28, 2007

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

§
§
§
§

The Board of Directors (the "Board") of Harris County Water Control and Improvement District No. 110 (the "District") met in **special session**, open to the public, at the designated meeting place of the Board in the District on **June 28, 2007**, at 6:00 p.m. , 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 Dowdy, 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; John Cannon, Esq. representing Portrait Homes; Hassan Syed of Edminster, Hinshaw, Russ & Associates ("Edminster"); Brannon Boozer and Sean Albin of Portrait Homes; Emmet Poindexter, resident of the District; and Maria Salinas Parker 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.

ATTORNEY'S REPORT

The Board recognized Ms. Parker, who presented the Attorney's Report.

Portrait Homes/Parkside

The Board recognized Ms. Parker and Mr. Cannon, who presented to and reviewed with the Board the provisions of the First Amendment to Development and Financing Agreement between the District and Portrait Homes-Parkside Trails, L.P. ("Portrait Homes"). Ms. Parker reminded the Board that the drainage facilities to be constructed by Portrait Homes will require the District to enter into a maintenance contract

with Harris County Municipal Utility District No. 104 ("MUD 104") wherein the District would agree to 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 Homes to install the pipes, provided the District agrees to maintain the pipes. Ms. Parker continued that the First Amendment includes the proposed Easement Agreement with MUD 104 and also the proposed Maintenance Agreement between the District and the Homeowners Association for Parkside Trails (the "Parkside Trails HOA") whereby the Parkside Trails HOA will maintain the outfall pipes as well as all detention facilities in Parkside Trails. Ms. Parker explained that there is a section in the Maintenance Agreement with the Parkside Trails HOA that requires Portrait Homes to include in the deed restrictions for Parkside Trails a provision which (i) acknowledges that a portion of the assessments made by the Parkside Trails HOA are to pay for the costs of maintaining the drainage facilities to serve Parkside Trails, (ii) provides that the District is intended to be a third-party beneficiary of the deed restrictions with the power to require the Parkside Trails HOA to levy an assessment sufficient to pay such maintenance costs as necessary, and (iii) give the District the authority to impose a drainage fee on the customers in Parkside Trails if the Parkside Trails HOA fails to maintain the detention facilities. Ms. Parker also reminded the Board that the First Amendment requires Portrait Homes to deposit sufficient funds with the District to pay for five (5) years of maintenance costs associated with the drainage facilities for Parkside Trails. Discussion ensued regarding the amount of such deposit, with the Board electing to require a \$40,000 deposit with the understanding that such deposit would be refunded to Portrait Homes one year after Parkside Trails is fully built-out.

The Board also noted that they would like to see the First Amendment revised to require that Portrait Homes or the Parkside Trails HOA provide the District with copies of the inspection reports on the drainage facilities as they are performed by Storm Water Solutions.

After further discussion and upon motion made by Director Satterwhite and seconded by Director Strickland, the Board voted unanimously to approve the First Amendment to Development and Financing Agreement between the District and Portrait Homes, subject to the District's attorney making the revisions to the First Amendment as discussed above.

Approval of Minutes

Proposed minutes of the meetings of the Board held on April 11, 2007, April 19, 2007, April 27, 2007, May 3, 2007, May 9, 2007, May 17, 2007 and June 13, 2007, previously distributed to the Board, were presented for consideration and approval. The President recognized Director Stevens, who noted certain corrections to the April 11, 2007, April 19, 2007 and April 27, 2007 minutes.

Upon motion duly made by Director Stevens and seconded by Director Strickland, the Board voted unanimously to approve the minutes of the meetings of the Board held on April 11, 2007, April 19, 2007 and April 27, 2007, as corrected.

The Board deferred action on the approval of the minutes from the May 3, 2007, May 9, 2007, May 17, 2007 and June 13, 2007 meetings.

Tiremax Request for Water and Wastewater Service/Annexation

Ms. Parker reminded the Board that at their meeting on June 13, 2007, the Board granted a variance to the District's Rate Order to Tiremax to allow the installation of a septic tank to provide sanitary sewer service to the Tiremax property. Ms. Parker explained that the reason for the variance request was because

Curtis Morris has refused to grant an easement to Tiremax, necessary for Tiremax to obtain wastewater service from the District. Ms. Parker stated that the Development and Annexation Agreement with Tiremax provides (i) that the installation of the private septic system is subject to approval of such system by the District's engineer and (ii) that once public sewer is available to such tract then Tiremax will dismantle its private system and connect to the District's sanitary sewer system. The Board noted that such agreement should be amended to require Tiremax to send the District copies of the inspection reports on the private septic system.

Upon motion made by Director Strickland and seconded by Director Satterwhite, the Board unanimously approved the Development and Annexation Agreement with Tiremax, as amended, subject to review and approval of such agreement by Director Stevens.

Resolution Requesting Estimate of Assessed Valuation as of June 1, 2007

Ms. Parker next presented the Board with a Resolution Requesting Harris County Appraisal District for Appraisal of Property, in connection with the District's next bond issue, requesting an estimate of value for property located within the District as of June 1, 2007.

Upon motion duly made by Director Satterwhite, seconded by Director Stevens, the board unanimously approved the Resolution Requesting Harris County Appraisal District for Appraisal of Property.

Resolution Authorizing Computer for Peace Officers

Ms. Parker next presented to the Board a Resolution Authorizing Computer for Peace Officers, as previously approved by the Board. Ms. Parker explained that the resolution provides that Harris County will be considered the owner of the computer, however, if the relationship between the District and Harris County is terminated, the computer will be given back to the District.

EXECUTIVE FACILITIES COORDINATOR'S REPORT

The Board recognized David Caramanidis, who presented the Executive Facilities Coordinator's Report.

Mr. Caramanidis discussed the rules and regulations for the park and lakes and also the signage to be posted at the entry to the park and throughout the park.

Mr. Caramanidis noted that he solicited bids for the resurfacing of the back four tennis courts and will also solicit bids for the (i) repainting of the light poles around the tennis courts, as needed, (ii) replacing lights around the tennis courts, as needed, and (iii) re-directing the lights around the tennis courts to the correct areas so as to avoid having different areas of the courts with different lighting. The Board noted that the costs for such projects were included in the Recreational budget for the fiscal year ending July 31, 2008 and instructed Mr. Caramanidis to proceed with such projects when appropriate.

The Board next discussed amending the District's Rules and Regulations for the Forest Oaks Swim and Racquet Club to require a non-refundable security deposit from all out-of-district members in an amount equal to two months of the then current membership rate for out-of-district members plus \$10 per magnetic card issued to such member.

Upon motion duly made by Director Satterwhite, seconded by Director Strickland, the board voted unanimously to (i) approve the Executive Facilities Coordinator's Report, (ii) authorize the Executive Facilities Coordinator to purchase the entry signs to the park and lakes, and (iii) amend the District's Rules and Regulations for the Forest Oaks Swim and Racquet Club to require a non-refundable security deposit from all out-of-district members in an amount equal to two months of the then current membership rate for out-of-district members plus \$10 per magnetic card issued to such member.

ENGINEER'S REPORT

The Board recognized Mr. Davis who presented the Engineer's Report. Mr. Davis noted that he still has not heard from the Harris County Flood Control District ("HCFCD") on the installation of flap valves as backflow preventers in the outfall pipes at the District's lakes. Mr. Davis recommended that the Board authorize him to send a letter to HCFCD advising them that the District will proceed with the installation of the flap valves and that such valves will be available for inspection by HCFCD following construction.

Upon motion duly made by Director Satterwhite, seconded by Director Strickland, the board voted unanimously to (i) approve the Engineer's Report, (ii) authorize the Engineer to prepare a letter to HCFCD, as discussed above, subject to review and approval of the contents of such letter by the District's attorney.

PROJECT MANAGER'S REPORT

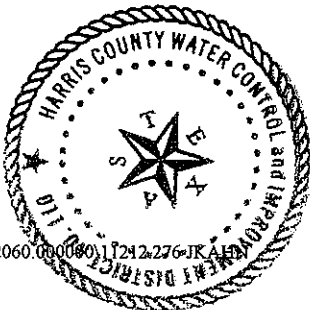
Art Gerzak, Project Manager for the District, presented the Project Manager's Report. Mr. Gerzak informed the Board that he has increased the budget number for his projects for the fiscal year ending July 31, 2008 due to the addition of the following projects: (i) sitting areas around each lake at a cost of approximately \$7000-\$8500 each, (ii) widening the pathways in several areas to allow for a sitting area at a cost of approximately \$3000 each, (iii) rock gardens in area between Enchanted Lake and Forest Lake, (iv) a fenced dog park with a water wash-out area and a shallow pond at a cost of approximately \$77,000, (v) a 35-foot by 60-foot maintenance barn with hardi-plank sides and a metal roof at a cost of approximately \$100,000, and (vi) a children's play area at the park at a cost of approximately \$75,000.

Mr. Gerzak presented sketches of each of these projects to the Board for review. The Board noted that they agreed with each of the projects and instructed Mr. Gerzak to revise his budget numbers to include each project listed above. The Board noted that they would approve the budget for all projects for the fiscal year ending July 31, 2008 at their regular meeting in July.

Mr. Gerzak next discussed having the District become a member of the HGACBuy program. Mr. Gerzak presented the Board with information on such program. The Board instructed the District's attorney to research the matter and provide the District with the necessary information to join.

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

APPROVED THIS September 12, 2007




Secretary, Board of Directors