

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

July 19, 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 **regular session**, open to the public, at the designated meeting place of the Board in the District on **July 19, 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 ("EFC") for the Forest Oaks Swim and Racquet Club ("FOSRC"); Art Gerzak, Project Manager for the District; John Davis of Langford Engineering, Inc. ("Langford"), Engineers for the District; Jan Bartholomew of RBC Capital Markets, Financial Advisor for the District; Ken Streeter with Cypress Creek Town Offices, Ltd. ("CCTO") Developer of Land in the District; Deputy Constable George Beck with Harris County Precinct No. 4; Bob Surdahl, resident of the District; 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.

ENGINEERING REPORT/FINANCIAL ANALYSIS RELATED TO ISSUANCE OF BONDS

The Board recognized Ms. Bartholomew, who presented the Board with a proposed tax rate analysis in connection with the District's proposed bond application. Ms. Bartholomew noted that the analysis presented was based on a projected bond amount of \$7,000,000, however, Mr. Davis noted that the actual bond amount would be approximately \$5,000,000. Ms. Bartholomew reviewed four (4) different tables based on various amounts of growth in the District's assessed valuation, with the debt service tax rate for the District never increasing above \$0.40 per \$100 assessed valuation in any of the scenarios. The Board noted that these tables show that the District would not have to increase its overall tax rate following the issuance of the bonds contemplated in the proposed bond application.

The Board next discussed the options for the District for having the Texas Commission on Environmental Quality ("TCEQ") review the bond application. Mr. Kahn and Ms. Bartholomew compared the effects of submitting the bond application on an expedited sixty (60) day review as opposed to submitting the bond application on a regular review and then issuing a bond anticipation note ("BAN"). The Board agreed that the best alternative for the District would be to submit the bond application on a regular review and then issue a BAN in order for the District to gain an additional year of growth in assessed valuation prior to setting a debt service tax rate that includes the debt on the proposed bonds. The Board asked Mr. Streeter if CCTO would pay the costs of issuing the BAN, similar to the District's arrangement with CCTO in 2004. Mr. Streeter stated that if the District would pay the costs of issuing the BAN at the time of issuance of the BAN, then CCTO would allow the District to deduct such costs from the reimbursement due CCTO at the time of issuance of the bonds.

The Board also discussed whether or not the District would need to hold any additional bond elections in the future to authorize bonds for future capital projects in the District.

The Board then recognized Mr. Davis, who reviewed with the Board the contents of the District's bond application.

After further discussion and upon motion made by Director Dowdy and seconded by Director Satterwhite, the Board voted unanimously to (i) approve the District's bond application in an amount not to exceed \$5,500,000, and (ii) authorize the District's engineer to submit such bond application to the TCEQ on a regular review, with the understanding that the District will issue a BAN following the declaration by the TCEQ that the bond application is administratively complete and that CCTO will allow the District to deduct the costs of issuing the BAN from the reimbursement due CCTO at the time of issuance of the bonds.

PEACE OFFICER'S REPORT

The Board discussed the additional costs necessary for the purchase of a computer for use by the peace officers. The Board noted that they previously authorized the installation of a dedicated T1 line to allow the peace officers within the District to prepare their necessary paperwork without having to travel to a constable substation several minutes from the District and also the purchase of a computer by the District for use by the peace officers. The Board explained that by purchasing the T1 line and computer, the peace officers would be able to spend more time patrolling within the boundaries of the District.

After further discussion and upon motion made by Director Dowdy and seconded by Director Satterwhite, the Board voted unanimously to authorize the purchase of a computer for use by the peace officers, in an amount not to exceed \$2,000.00.

EXECUTIVE FACILITIES COORDINATOR'S REPORT

The Board recognized David Caramanidis, who presented the EFC's Report, including, among other items, an update on the current membership of the FOSRC, member complaints, repairs/maintenance items performed in the last month, tennis lessons given by the EFC, and the summer camp.

Mr. Caramanidis discussed permanently locking the back entry gate to the tennis courts to prevent unauthorized use of the facilities. The Board agreed that such gate should be permanently locked and instructed Mr. Caramanidis to do so and to place a sign at such entrance advising that such gate was permanently locked.

Upon motion duly made by Director Satterwhite, seconded by Director Stevens, the board voted unanimously to approve the EFC's Report.

PROJECT MANAGER'S REPORT

Art Gerzak, Project Manager for the District, presented the Project Manager's Report. Mr. Gerzak discussed with the Board the location of the perimeter security fencing around the park/lakes. Mr. Gerzak also explained the additional items that he would like added to his budget for the fiscal year ending July 31, 2008. Director Dowdy noted that all of the requested projects could not be included in the budget, however, he would prepare a revised budget for the parks projects for approval at the next District meeting.

Upon motion duly made by Director Satterwhite, seconded by Director Stevens, the board voted unanimously to approve the Project Manager's Report.

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.



Joseph H. Stevens
Secretary, Board of Directors