

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

**November 20, 2008**

**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 **November 20, 2008 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, thus constituting a quorum.

Also attending the meeting were Kay Divin, the District's Water and Sewer Operations Manager; Art Gerzak, Construction Projects Manager for the District; John Davis of Langford Engineering, Inc. ("Langford"), Engineers for the District; Patsy Waldrop of BKD, LLP, the District's auditor; Deputy Constables George Beck and Dianne Hill with Harris County Precinct No. 4; members of the public listed on the attached Attendance Sheet; and Josh J. Kahn of Coats, Rose, Yale, Ryman & Lee, P.C. ("Coats|Rose"), Attorney for the District.

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

**ENGINEERING/DEVELOPMENT REPORT**

The Board recognized Mr. Davis who presented the Engineering/Development Report. Mr. Davis updated the Board on the testing of the meter at the District's lift station at the Harris County Municipal Utility District No. 249 ("HC 249") wastewater treatment plant, which is reading incorrectly because of air flowing through such meter. Mr. Davis explained that based on the Texas Commission on Environmental Quality standards for wastewater capacity, the District has at least 30,000 gallons per day ("gpd") capacity remaining in such plant that can be committed to the Kensinger/Easterling tract.

Mr. Davis also discussed the replacement of the bar screen at the HC 249 wastewater treatment plant. Mr. Davis stated that the old bar screen was disposed of by the HC 249 operator so he cannot inspect it to see why it needed to be replaced.

Mr. Davis noted that the construction plans have been approved for Enterprise Leasing, Cheddar's Restaurant and a 12.5 acre tract owned by Property Commerce.

Next, Mr. Davis stated that Urban Meridian Group, Inc. has submitted an application and paid the associated \$5,000.00 fee for service/annexation to three tracts (a 3.993 acre tract located within the boundaries of the District and a 2.090 acre tract and a 1.089 acre tract not currently within the boundaries of the District). Mr. Davis noted that the application is requesting 47,250 gpd water and wastewater capacity to serve the three tracts, however, such amount seems high so he will talk to the applicant to determine a more accurate number.

Upon motion duly made by Director Satterwhite and seconded by Director Strickland, the Board voted unanimously to authorize Mr. Davis to prepare a feasibility study on the requested service/annexation of the three tracts of land owned by Urban Meridian Group, Inc.

### **HEAR FROM PUBLIC**

The Board discussed with the public the job opening for the District's Parks and Recreation Manager and several members of the public recommended Scott Reed for such position. Members of the public also inquired about the possibility of having a seasonal tennis membership. The Board noted that they would have the new Parks and Recreation Manager look into a seasonal tennis membership once such person was hired.

The Board then recognized Peter Black, who discussed the potential accidents that may be caused from the pipes protruding from the fountain at the west end of Forest Lake. Mr. Gerczak noted that he would look into the matter and take care of any problems.

### **DEVELOPER REIMBURSEMENT AUDIT**

The Board recognized Ms. Waldrop, who presented to and reviewed with the Board the Developer Reimbursement Audit prepared in connection with the issuance by the District of its \$8,040,000 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2008 (the "Bonds"). Ms. Waldrop noted that Cypress Creek Townoffices ("CCTO") is owed for additional interest in the amount of \$265,772.66 for projects financed with the Bonds but not included in the proceeds of the Bonds. The Board noted that CCTO previously agreed to pay the issuance costs associated with the Bond Anticipation Note, Series 2007 (the "BAN") that was redeemed with the proceeds of the Bonds so such amount needs to be deducted from the additional interest owed to CCTO. Ms. Waldrop recommended payment to CCTO (i) from the proceeds of the Bonds in the amount of \$406,992.10 and (ii) from the District's Operating Fund (for costs disallowed by the Texas Commission on Environmental Quality but eligible to be reimbursed) in the amount of \$124,381.21.

Upon a motion made by Director Strickland and seconded by Director Stevens, the Board by unanimous consent approved the Developer Reimbursement Audit and authorized the payments of \$406,992.10 and \$124,381.21 to CCTO, subject to the adjustment to the Developer Reimbursement Audit to reduce the remaining amount owed to CCTO to account for the BAN issuance costs which were to be paid by CCTO.

### **PEACE OFFICER'S REPORT**

The Board recognized Mr. Beck, who presented the Peace Officer's Report. Mr. Beck requested authorization to purchase a printer that would enable the Constables in the District to print bar codes that can be used to inventory evidence.

Mr. Kahn also presented to and reviewed with the Board the renewal contracts with Harris County Precinct 4 for Constables for 2009. Mr. Kahn noted that the cost for the Constables is expected to increase substantially in 2010 as Harris County will then require that all interlocal agreements with governmental entities be at the 100% rate only.

Upon motion duly made by Director Strickland and seconded by Director Stevens, the Board voted unanimously to approve (i) the purchase of the printer by the Constables, not to exceed \$500.00, and (ii) the renewal contract with Harris County Precinct 4 for Constables for 2009.

### **WATER AND SEWER OPERATIONS MANAGER'S REPORT**

The Board recognized Ms. Divin, who presented the Water and Sewer Operations Manager's Report.

The Board noted that no action is needed in conjunction with the Water and Sewer Operations Manager's Report.

### **CONSTRUCTION PROJECTS MANAGER'S REPORT**

The Board recognized Mr. Gerczak, who presented to and reviewed with the Board the Construction Projects Manager's Report. Mr. Gerczak noted that (i) he is about 80% complete on the repair of the water leak at the fountain on Oak Lake, (ii) park repairs following Hurricane Ike are substantially complete, and (iii) the punch-list items for the maintenance building will be taken care of next week and the entrance drive to such building will be installed the following week.

The Board noted that no action is needed in conjunction with the Construction Projects Manager's Report.

### **RECREATION REPORT**

The Board recognized Director Stevens, who presented the Recreation Report.

The Board noted that no action is needed in conjunction with the Recreation Report.

### **CLOSED SESSION**

Upon motion duly made by Director Strickland and seconded by Director Satterwhite, the Board voted unanimously to convene in closed session at 8:40 p.m. to discuss personnel matters.

### **OPEN SESSION**

Upon motion duly made by Director Satterwhite and seconded by Director Strickland, the Board voted unanimously to reconvene in open session at 9:30 p.m.

Upon motion duly made by Director Strickland and seconded by Director Stevens, the Board voted unanimously to (i) approve a temporary salary increase, retroactive from November 13, 2008, for Denise Simples and Brandy McSherry equal to 1% of each employee's annual salary per month with such increase to remain in place until a new Parks and Recreation Manager has been in place for 60 days, (ii) approve a cost of living salary increase on January 1, 2009 equal to the cost of living salary increase given to employees of the City of Houston, and (iii) to authorize the District's attorney to complete a background check on all new District employees and to determine if such employees are suitable for employment by the District.

**ATTORNEY'S REPORT**

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

**Amended and Restated Resolution Designating Investment Officer and Rules and Policies for Investment of District Funds**

Mr. Kahn who submitted to and reviewed with the Board an Amended and Restated Resolution Designating Investment Officer and Establishing Rules, Policies and Code of Ethics for the Investment of District Funds and Review of Investments. Mr. Kahn stated that this Resolution amends the District's current Investment Policy by designating the District's bookkeeper as Investment Officer for the District and allows for the investment of District funds of up to 270 days. Mr. Dowdy noted that he would like to remain as the District's Investment Officer and that he would like the District to be able make investments for up to 365 days.

Upon a motion made by Director Strickland and seconded by Director Stevens, the Board by unanimous vote approved the Amended and Restated Resolution Designating Investment Officer and Establishing Rules, Policies and Code of Ethics for District Funds and Review of Investments, as amended to keep Director Dowdy as Investment Officer for the District and to allows for the investment of District funds of up to 365 days.

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

APPROVED THIS December 10, 2008

  
Secretary, Board of Directors