

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

October 6, 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 **special session**, open to the public, at the designated meeting place of the Board in the District on **October 6, 2008 at 8:30 a.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 Ken Streeter with Cypress Creek Townoffices, Limited ("CCTO"), a Developer of property within the District; Lori Rosenbower, Parks and Recreation Manager for the District; 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; Bob Sordahl and Emmett Poindexter, residents of the District; members of the public listed on the attached attendance sheet; and Maria Salinas Parker 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 status of the approval by the Texas Commission on Environmental Quality (the "TCEQ") of the District's two pending bond applications. Mr. Davis presented to and reviewed with the Board the TCEQ staff memorandum for the District's twelfth bond application which seeks approval to issue bonds to reimburse CCTO for various construction projects in the District.

The Board next recognized Mr. Streeter, who explained that the TCEQ has reduced the requested reimbursement amounts for three items in the twelfth bond application: (1) Lakes of Cypress Forest, Section 2 Clearing & Grubbing from \$91,847 requested to \$69,234 approved, (2) Cypress Forest Lakes, Section 1 Clearing & Grubbing from \$115,072 requested to \$77,823 approved, and (3) Land Acquisition – Detention Pond (Lakes of Cypress Forest, Sections 2 and 3) from \$150,000 requested to \$80,270 approved.

Mr. Streeter requested that the Board use other legally available funds to reimburse CCTO for the amounts reduced by the TCEQ. Mr. Davis noted that he did not agree with the TCEQ's explanation for reducing the reimbursement on the three projects. Ms. Parker stated that the District, may, if it chooses to pay the reduced amounts from Strategic Partnership Agreement ("SPA") revenue note

The Board first discussed using SPA revenues to reimburse CCTO for the amounts reduced by the TCEQ for the Lakes of Cypress Forest, Section 2 Clearing & Grubbing project (reduced by \$22,613) and the Cypress Forest Lakes, Section 1 Clearing & Grubbing project (reduced by \$37,249).

Upon a motion by Director Strickland, seconded by Director Dowdy, the Board unanimously voted to reimburse CCTO from SPA revenues for the amounts reduced by the TCEQ for the Lakes of Cypress Forest, Section 2 Clearing & Grubbing project (\$22,613) and the Cypress Forest Lakes, Section 1 Clearing & Grubbing project (\$37,249).

The Board then discussed using SPA revenues to reimburse CCTO for the amounts reduced by the TCEQ for Land Acquisition Costs for the Detention Pond serving Lakes of Cypress Forest, Sections 2 and 3. Mr. Streeter explained that the \$150,000 included in the bond application for this item was an estimate and that the actual land acquisition cost to the District for this pond is \$131,589 (of which the TCEQ only approved \$80,270).

Upon a motion by Director Strickland, seconded by Director Satterwhite, the Board unanimously voted to reimburse CCTO from SPA revenues for the amounts reduced by the TCEQ for the Land Acquisition Costs for the Detention Pond serving Lakes of Cypress Forest, Sections 2 and 3(\$51,319).

CLOSED SESSION

Upon motion duly made by Director Strickland and seconded by Director Dowdy, the Board voted unanimously to convene in closed session at 9:05 a.m. to discuss personnel matters.

OPEN SESSION

Upon motion duly made by Director Stevens and seconded by Director Dowdy, the Board voted unanimously to reconvene in open session at 9:20 a.m.

HEAR FROM PUBLIC

The Board recognized Mr. Poindexter, who spoke regarding the job performance of Ms. Rosenbower and noted that it is almost unanimous among the tennis group that Ms. Rosenbower has done an excellent job as the Parks and Recreation Manager for the District. Other residents also spoke or presented written statements, copies of which are attached hereto, in favor of Ms. Rosenbower and her job performance. The Board discussed with the residents the operations of the Forest Oaks Swim and Racquet Club and the duties of the Parks and Recreation Manager.

Members of the public also addressed the Board regarding the North Harris County Regional Water Authority pumpage fee and debris removal within the District following Hurricane Ike.

CLOSED SESSION

Upon motion duly made by Director Dowdy and seconded by Director Stevens, the Board voted unanimously to convene in closed session at 10:20 a.m. to discuss personnel matters.

OPEN SESSION

Upon motion duly made by Director Stevens and seconded by Director Dowdy, the Board voted unanimously to reconvene in open session at 12:00 p.m.

Upon a motion by Director Strickland, seconded by Director Dowdy, and approved by unanimous vote, the Board appointed Director Stevens as the temporary liaison to the Parks and Recreations Manager with instruction for Director Stevens to investigate the complaints of the District's employees and make any recommendations back to the Board.

The Board noted that they would not like to hire an independent investigator until it can be seen if the issues raised by the District's employees can be resolved by Director Stevens.

Director Williams noted that there is a safety issue/hazard with the gates to the pool area being left open/unlocked. The Board noted that such gates should be kept locked at all times when the pool is not open. The Board suggested to Ms. Rosenbower that she immediately install a self-closing gate and latch system on all entrances to the pool (5 gates).

The Board next discussed performing background checks on all District employees (residency, motor vehicle and criminal history) immediately.

Upon a motion by Director Strickland, seconded by Director Dowdy, and approved by unanimous vote, the Board instructed each Manager to provide the information necessary to perform such checks to the District's Attorneys and for the District's Attorneys to have such checks performed.

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

APPROVED THIS November 12, 2008.


Secretary, Board of Directors