

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

February 13, 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 **February 13, 2008**, whereupon the roll was called of the duly constituted officers and members of the Board, to-wit:

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|---------------------|---|------------------------------|
| 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 Lori Rosenbower, the Executive Facilities Coordinator; Kay Divin, General Manager; Art Gerzak, Project Manager for the District; Ken Streeter with Cypress Creek Town Offices, Ltd. ("CCTO") Developer of Land in 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; Ken Byrd of Equi-Tax, Inc. ("Equi-Tax"), Tax Assessor for the District; Chris Zilko and Lindsay Cain of Southwest Water Company, Operator for the District ("SWWC"); Deputy Constables George Beck, Gabriel Moore with Harris County Precinct No. 4; Bob Sordahl, Emmet Poindexter, Peter Black, Therese Wilson, residents of the District; and Maria Salinas Parker 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.

TAX ASSESSOR/COLLECTOR'S REPORT

The Board recognized Mr. Byrd of Equi-Tax, who presented the Board with the Tax Assessor/Collector's Report, a copy of which is attached hereto and checks for payment from the District's Tax Account. Mr. Byrd noted that 81.0% of the District's 2007 taxes have been collected.

The Board noted Perdue Brandon, the law firm which collects the District's delinquent taxes, submitted a list of uncollectible delinquent personal property accounts to place on the Uncollectible Tax Roll.

Upon motion duly made and seconded, the Board unanimously voted to approve the Tax Assessor/Collector's Report, to authorize the payment of checks listed therein, and to place those accounts listed on the Delinquent Tax Report on the Uncollectible Tax Roll.

HEAR FROM THE PUBLIC

The Board next recognized Ms. Wilson, who provided to the Board a handout concerning recycling, a copy of which is attached hereto.

The Board then recognized Mr. Black, who inquired as to the Director's Election to be held on May 10, 2008. The Board responded that an election will be called for May 10, 2008, and that the deadline for Application for Names to Appear on Ballot is March 10, 2008 and the deadline to file as a write-in candidate is March 17, 2008.

PEACE OFFICER'S REPORT

The Board recognized Mr. Beck, who submitted an addendum to the contract with Harris County for an additional peace officer.

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 informed the Board that the Texas Comptroller's Office notified her to hold payment to Texas Network as said company has outstanding monies due to the State of Texas. A release was then issued yet it is unclear as to which payments can be released. The Board concurred that payment should not be released until clarification is received.

Upon motion duly made and seconded, the Board unanimously voted to approve the Bookkeeper's Report, Investment Report, the checks presented for payment, and to authorize invest of \$95,000 in a Certificate of Deposit at Green Bank.

OPERATOR'S REPORT

The Board next recognized Ms. Cain, who presented to the Board the Operator's Report, a copy of which is attached hereto. Ms. Cain reported that the District has 2,145 connections, and a billed to pumped ratio for the prior month of 94.2%. Ms. Cain reported that there were no excursions at the wastewater treatment plant.

Upon motion made by Director Strickland and seconded by Director Dowdy, the Board unanimously voted to approve the Operator's Report.

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, Ms. Cain 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 and seconded, 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, and to authorize termination of service to those accounts for which payment was made by a check which was returned for non-sufficient funds.

ENGINEERING/DEVELOPMENT REPORT

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

Portrait Homes/Parkside

The Board noted there was no action to be taken on this matter.

Lakes of Cypress Forest and Cypress Forest Lakes

The Board recognized Mr. Streeter, who stated that FEMA has approved the flood map revisions for Lakes of Cypress Forest and Cypress Forest Lakes. The approval letter has been provided to the District's Engineer.

Haas Detention Pond

Mr. Davis discussed with the Board the continuing issues regarding the maintenance of the Haas detention pond. Mr. Davis reminded the Board that at their meeting on December 12, 2007, the Board authorized Mr. Davis to negotiate with Champion Hydro-Lawn ("Champion") on a contract for mowing the detention pond 3-4 times a year. Mr. Davis noted that Champions has agreed to reduce its bid to provide for a mowing every other month, including fertilizing once/year, for an annual fee of \$8,207.60, plus a one-time fee to clean-up the detention pond of \$8,500.00. Mr. Davis reminded the Board that the costs of such mowing would be passed through to Haas and Northwood Lincoln-Mercury pro-rata based on acreage (as found on the recorded plats for each tract) and would be included on the monthly water bills each.

Mr. Davis stated that he discussed with Mr. Haas the initial clean up. Mr. Haas agreed to paying for routine maintenance (with such cost to be added to Haas' water bill) and asked that the Board pay the initial clean up. The Board agreed that Haas and Lincoln Mercury should pay initial clean up as well as the continuing maintenance.

Inspection of Storm Sewer System

Mr. Davis reported on the inspection of a portion of the District's storm sewer system in Enchanted Oaks. Mr. Davis noted that he would present such report to Harris County for them to include the necessary repairs on the County's maintenance schedule.

The Board noted there was no action to be taken on this item.

Repainting of Tanks at Water Plant No. 1

Mr. Davis reminded the Board that at the meeting of January 17, 2008 that the Board awarded the contract for the Rehabilitation Project for Water Plant No. 1 to L.C. United Painting ("LC") in the amount of \$232,000.00. Mr. Davis reminded the Board that LC did not have a bid amount for Bid Item No. 3 but has issued a letter stating that the costs for such item were included in Bid Item No. 4. LC agreed to sign Change

Order No. 1 to such contract at the same time the contracts are signed, that would assign an amount to both Bid Item No. 3 and Bid Item No. 4 to correct the inconsistencies in LC's bid. Mr. Davis added that there are issues relating to LC's insurance that the Attorney is addressing.

Kings Village

The Board noted that construction of Kings Village is underway.

Fence for Wastewater Treatment Plant

No action was taken on this item.

Siding /Roof/ Bar Screen For Wastewater Treatment Plant

No action was taken on this item.

Starbucks at Spring Park Village

Starbucks is proceeding with construction of its facility at Spring Park Village.

ATTORNEY'S REPORT

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

Approve Minutes of January 8, 2008, January 9, 2008, January 17, 2008, and January 28, 2008

Proposed minutes of the meetings held January 8, 2008, January 9, 2008, January 17, 2008, and January 28, 2008, previously distributed to the Board were presented for consideration and approval.

Upon motion made by Director Stevens and seconded by Director Satterwhite, the Board voted unanimously to approve the minutes from the meetings of January 8, 2008, January 9, 2008, January 17, 2008, and January 28, 2008, as changed.

Surplus Funds

Consideration was then given to a proposed Resolution Approving Use of Surplus Funds. Such Resolution provides for the use of surplus construction funds to pay the District's share of the bar screen and generator at the Harris County Municipal Utility District No. 249 Wastewater Treatment Plant.

Upon motion duly made and seconded, the Board voted unanimously to approve the Resolution Approving Use of Surplus Funds, a copy of which is attached hereto.

Resolution Regarding Tax Exemptions for 2008

Consideration was then given to a proposed Resolution Concerning Tax Exemptions for 2008.

Upon motion by Director Satterwhite, seconded by Director Stevens, after full discussion, and the question being put to the Board, the Board voted unanimously to (i) exempt from ad valorem taxation by the District \$20,000 of the appraised value of residence homesteads of individuals who are disabled or are

sixty-five years of age or older, (ii) adopt a twenty percent (20%) general residential homestead exemption, and (iii) to approve the Resolution Regarding Tax Exemptions for 2008..

Engage Attorney to Collect Delinquent Taxes /Resolution Implementing 20% Penalty on 2007 Delinquent Taxes

Consideration was then given to engaging the services of an Attorney to collect the District's delinquent taxes. The Board noted that the District's contract with Perdue, Brandon, Fielder, Collins & Mott continues on an annual basis unless terminated. .

Consideration was then given to a proposed Resolution Implementing 20% Penalty on 2008 Delinquent Taxes. Ms. Parker explained that such resolution provides (i) that on July 1, 2008 all tax accounts which are delinquent for the tax year 2007 will incur additional penalties in the amount of twenty percent (20%) of the sum of the tax, penalty and interest then due, and to be due, in order to help defray the cost of collection of such delinquent taxes, and (ii) the District's Tax Collector shall deliver a notice of delinquency and of this additional penalty to the property owner of each tax account, at least thirty (30) and not more than sixty (60) days before July 1, 2008.

Upon motion by Director Satterwhite, seconded by Director Dowdy, after full discussion, and the question being put to the Board, the Board voted unanimously to (i) approve the Resolution Implementing 20% Penalty on 2007 Delinquent Taxes, and (ii) to continue the contract with Perdue, Brandon, Fielder, Collins & Mott for the collection of delinquent 2007 taxes.

Order Calling Directors Election

Consideration was then given to a proposed Order Calling Directors Election. The Board noted that Directors Stevens and Satterwhite terms run through May 10, 2008, and accordingly an election must be called for the purposes of electing two directors.

Upon motion duly made and seconded, the Board voted unanimously to adopt the Order Calling Directors Election thereby calling an election for May 10, 2008 for the purpose of electing two (2) directors to the Board. A copy of said Order is attached hereto.

Voting Rights Act Submission Letter

Consideration was then given to obtaining United States Justice Department Voting Rights Section pre-clearance of any changes affecting voting.

Upon motion duly made and seconded, the Board voted unanimously to authorize the Attorney to prepare and submit to the United States Justice Department Voting Rights Section any changes in the election procedure for pre-clearance.

DISTRICT EMPLOYEES INSURANCE

The Board discussed handling insurance matters for District employees and concurred that the General Manager, Kaye Divin, should handle insurance matters for District employees.

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

APPROVED THIS March 12, 2008.


Secretary, Board of Directors