

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

July 9, 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 **July 9, 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 Ken Streeter with Cypress Creek Townoffices, Limited, 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; Mary Jarmon of Myrtle Cruz, Inc. ("Myrtle Cruz"), Bookkeeper for the District; Kenneth Byrd of Equi-Tax, Inc. ("Equi-Tax"), Tax Assessor for the District; Michael J. Ammel and Karl Skarboszewski of Environmental Development Partners, Operator for the District ("EDP"); Deputy Constable George Beck with Harris County Precinct No. 4; Bob Sordahl and Emmet Poindexter, residents of the District; members of the public listed on the attached Attendance Sheet; and Maria S. 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.

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 97.3% of the District's 2007 taxes have been collected.

Upon motion duly made by Director Stevens and seconded by Director Satterwhite, the Board unanimously voted to (i) approve the Tax Assessor/Collector's Report and (ii) authorize the payment of checks listed therein.

HEAR FROM THE PUBLIC

The Board noted that there were no members of the public present who wished to address the Board.

REPORT FROM WATER AND SEWER OPERATIONS MANAGER

The Board recognized Ms. Divin, who along with Ms. Rosenbower, discussed the current mowing contract that has been entered into by the District for mowing around the lakes in the District's park area. Ms. Rosenbower explained that the District is currently paying \$1,000.00/month for a mowing one time/month, which is not frequent enough to keep the park looking well maintained. Ms. Rosenbower also reminded the Board that they previously stated that they would like to see such area mowed 39 times/year. Ms. Rosenbower next presented to and reviewed with the Board mowing proposals from John Monroe and TJMT Services for both mowing around the lakes in the park area and also for mowing around the District office. After further discussion regarding the District's mowing contract, the Board instructed Ms. Divin and Ms. Rosenbower to talk with each company and request comparable proposals and to then report back to the Board with a recommendation.

Ms. Divin also discussed (1) upcoming repairs/maintenance planned for the Harris County Municipal Utility District No. 249 ("MUD 249") Wastewater Treatment Plant, of which the District will be responsible for approximately 27% of such costs, (2) maintenance of the District's lift station that is within the MUD 249 Wastewater Treatment Plant site, and (3) a proposed meter replacement program in the District (currently there are approximately 700 meters in the District that have registered over 1,000,000 gallons of water since installation).

Ms. Divin also presented to and reviewed with the Board the recycling report through June 2008.

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 explained that Republic Waste claims that they have under billed the District since January 2008 because they did not receive an accurate house count each month from the District's previous operator. Ms. Jarmon noted that she would investigate this claim further and make any necessary adjustments.

Upon motion made by Director Satterwhite and seconded by Director Stevens, the Board unanimously voted to approve the Bookkeeper's Report, Investment Report, and the checks presented for payment.

BUDGET FOR FISCAL YEAR ENDING JULY 31, 2009

Ms. Jarmon presented the Board with a proposed budget for the fiscal year ending July 31, 2009, a copy of which is attached hereto. Ms. Jarmon reminded the Board that a budget for the next fiscal year is required to be adopted before the end of the District's current fiscal year but that the budget could be amended at any time at a later date.

The Board made adjustments to the Water Service Revenue (to \$710,000) and Maintenance Tax Revenue (to \$600,000).

Upon motion made by Director Dowdy and seconded by Director Strickland, the Board voted unanimously to approve the budget for the fiscal year ending July 31, 2009 with the changes noted above.

OPERATOR'S REPORT

The Board next recognized Mr. Ammel, who presented to the Board the Operator's Report, a copy of which is attached hereto. Mr. Ammel presented to and reviewed with the Board proposals from JB & Sons Services for repairs to the Control Building at Water Plant No. 1 and recommended that the District authorize such repairs.

Upon motion made by Director Dowdy and seconded by Director Stevens, the Board unanimously voted to approve the Operator's Report and to authorize the repairs to the Control Building at Water Plant No. 1 by JB & Sons Services in the amount of \$4,478.00.

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, Mr. Ammel 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 made by Director Dowdy and seconded by Director Stevens, 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.

ENGAGE AUDITOR TO PREPARE AUDIT FOR FISCAL YEAR ENDING JULY 31, 2008

The Board recognized Mr. Kahn, who noted that the District's current auditor BKD, LLP has elected not to submit a proposal for the District's audit for the fiscal year ending July 31, 2008. Mr. Kahn explained that BKD, LLP has made a firm-wide decision to not submit proposals on any water districts that have employees.

Mr. Kahn then presented to and reviewed with the Board an engagement letter from Belt Harris & Associates, LLLP to perform such audit.

After further discussion regarding the audit, upon motion made by Director Strickland and seconded by Director Stevens, the Board voted unanimously to engage Belt Harris & Associates, LLLP to perform the District's audit for the fiscal year ending July 31, 2008.

ENGINEERING/DEVELOPMENT REPORT

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

Portrait Homes/Parkside

Mr. Davis noted that he is still holding the plans for the Portrait Homes project and will not approve them until the First Amendment to the Development and Financing Agreement with Portrait Homes is finalized. Mr. Kahn then discussed the outstanding issues relating to such First Amendment, including:

1. Maintenance of the off-site storm sewer line – Board noted that any agreement for the District to maintain the off-site storm sewer line will be contingent upon the District's

ability to add an assessment to the water bill of residents of Parkside Trials for said maintenance;

2. Reimbursement for the off-site easement – the Board noted that they would be willing to reimburse Portrait Homes for the amount paid for the off-site easement (\$100,000) or the amount of such easement as valued by a third-party appraisal, whichever is less; and
3. Maintenance deposit – the Board noted that they want a \$40,000 deposit for the maintenance of the on-site detention facilities, with such money to be returned to Portrait Homes within 1-year following build-out (90% of homes constructed).

Mr. Kahn noted that he would incorporate these terms into the First Amendment and send to Portrait Homes for review.

Siding /Roof/ Bar Screen For Wastewater Treatment Plant

Mr. Davis noted that bids were received on May 2, 2008 for the installation of the automatic bar screen at the wastewater treatment plant with the low bidder being Neil Technical Services, Corp. ("NTS") in the amount of \$312,350.00. Mr. Davis noted that the pre-construction meeting was held on June 13, 2008.

Lakes of Cypress Forest and Cypress Forest Lakes

The Board recognized Mr. Streeter, who reported on the repair of the retaining wall behind the tennis courts that was damaged by Champions Hydro-Lawn. Mr. Streeter reminded the Board that such property is owned by the Cypress Forest Lakes homeowners' association and stated that Champions Hydro-Lawn will make the necessary repairs to such wall in the next several weeks.

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 updated the Board on the status of this project.

Cheddar's Restaurant

Mr. Davis noted that he has received an application for service and the application fee from Cheddar's Restaurant to be located within the District. Mr. Davis noted that the proposed location for Cheddar's is within the boundaries covered by the District's Strategic Partnership Agreement with the City of Houston.

Chevron Foodmart Store

Mr. Davis stated that he is holding the plans for a new Chevron Foodmart Store and gas station at IH-45 and Cypresswood and will not review such plans until the District receives the required \$2,500.00 refundable application fee.

Kings Village

The Board noted that construction of Kings Village is underway.

Fence for Wastewater Treatment Plant

No action was taken on this item.

United Methodist Foundation ("UMF")

Mr. Davis noted that he has been contacted by UMF regarding possible out-of-District service to a tract owned by UMF adjacent to the District. The Board noted that they would be willing to consider such request once more information is obtained.

North Harris County Regional Water Authority ("NHCRWA")

Mr. Davis stated that the District's bond application necessary to make capital contribution for their proportionate share of the NHCRWA's upcoming bond issue has been submitted to the Texas Commission on Environmental Quality under a 45-day review.

Kensinger/Easterling Tracts

Mr. Davis discussed with the Board the future development of the Kensinger/Easterling tracts within the boundaries of the District. Mr. Davis noted that the proposed plans for such tract will require approximately 30,000 gallons per day ("gpd") wastewater capacity. Mr. Davis explained that the District has purchased approximately 216,000 gpd capacity in the MUD 249 Wastewater Treatment Plant and is currently flowing approximately 157,000 gpd through such plant, so there should be sufficient capacity remaining to serve the proposed development of the Kensinger/Easterling tracts.

Starbucks at Spring Park Village

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

ATTORNEY'S REPORT

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

Approve Minutes of May 29, 2008, June 11, 2008 (Special Meeting), June 11, 2008 (Regular Meeting) and June 19, 2008

Proposed minutes of the meetings held May 29, 2008, June 11, 2008 (special meeting), June 11, 2008 (regular meeting) and June 19, 2008, previously distributed to the Board were presented for consideration and approval.

The Board deferred action on the approval of the minutes.

North Harris County Regional Water Authority ("NHCRWA")

Mr. Kahn reminded the Board that the District has until July 31, 2008 to enter into a Capital Contribution Contract with the NHCRWA for their proportionate share of the NHCRWA's upcoming bond issue. Mr. Kahn then presented to and reviewed with the Board the Capital Contribution Contract.

Upon motion made by Director Satterwhite and seconded by Director Stevens, the Board unanimously voted to approve the Capital Contribution Contract with the NHCRWA.

Arbitrage

Mr. Kahn next presented to and reviewed with the Board proposals from Arbitrage Compliance Specialists, Inc. to prepare arbitrage rebate reports in connection with the issuance of the District's Series 2001 Bonds, Series 2003 Bonds and Series 2004 Bonds.

Upon motion made by Director Strickland and seconded by Director Satterwhite, the Board unanimously voted to engage Arbitrage Compliance Specialists, Inc. to prepare arbitrage rebate reports in connection with the issuance of the District's Series 2001 Bonds, Series 2003 Bonds and Series 2004 Bonds.

Estimate of Assessed Valuation

Mr. Kahn explained that it would be beneficial to the District's financial advisor in marketing the District's upcoming bond issues to have an updated estimate of the assessed valuation within the District.

Upon motion made by Director Satterwhite and seconded by Director Stevens, the Board unanimously voted to approve a Resolution Requesting an Estimate of Assessed Valuation from the Harris County Appraisal District as of July 1, 2008.

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

APPROVED THIS August 13, 2008.


Secretary, Board of Directors