

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

January 14, 2009

**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 **January 14, 2009 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; 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"); Todd Gunnels with ANCO-McDonald Insurance, the District's insurance agent; Phil Halbert of Champions Hydro-Lawn; Peter Black, Dave Mayfield, 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.

HEAR FROM THE PUBLIC

The Board recognized Mr. Halbert, who presented to and reviewed with the Board recent photographs taken around the lakes in the park area and also around the Haas detention pond.

The Board then recognized Peter Black, who discussed with the Board the upcoming installation of the North Harris County Regional Water Authority ("NHCRWA") surface water line along Cypresswood Drive and how such construction will impact trash collection at the homes along Cypresswood Drive. Mr. Black also discussed traffic issues related to such construction, and inquired about large item trash collection.

The Board next recognized Mr. Mayfield, who inquired about the District's treatment of the various hospices within the District. Ms. Parker explained that if the hospices were operating as a business then they should be billed as a commercial property.

The Board next recognized Mr. Gunnels, who discussed the District's health insurance for its employees, which is up for renewal on February 1. Mr. Gunnels presented to and reviewed with the Board various options for the renewal insurance.

After further discussion on employee health insurance, upon a motion by Director Dowdy and seconded by Director Satterwhite, the Board voted unanimously to give each employee the option to renew their health insurance with the current coverage or with Alternate Plan 2. The Board noted that for those employees who choose Alternate Plan 2 (which costs less than the current coverage), the District will pay the difference between the premiums for such plan and the renewal of the current insurance to the respective employee each month.

TAX ASSESSOR/COLLECTOR'S REPORT

The Board recognized Mr. Byrd, 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 14.3% of the District's 2008 taxes have been collected. The Board then discussed with Mr. Byrd the frequency of tax transfers to the District's various accounts. Mr. Byrd assured the Board that the tax funds are being transferred from the tax account as expeditiously as possible.

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

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.

Upon motion made by Director Dowdy and seconded by Director Stevens, the Board unanimously voted to (i) approve the Bookkeeper's Report, (ii) approve the Investment Report, as presented, and (iii) to approve the checks presented for payment.

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 discussed with the Board the need to begin a meter replacement program within the District, beginning with the meters with the highest cumulative water readings.

Mr. Ammel also discussed the rehabilitation of the roof and control building at Water Plant No. 1 and the replacement of the automatic composite sampler at the District's Wastewater Treatment Plant.

Mr. Ammel then discussed the wall that is encroaching on the easement at 19506 Dianeshire. Mr. Ammel noted that the District's manhole within such easement needs to be repaired very soon. Ms. Parker explained the District's rights in connection with such easement. The Board discussed sending a letter to the owner of the property advising him that the District will be repairing the manhole and that he will be responsible for all costs associated with his fence encroaching on the easement.

Mr. Ammel noted that the NHCRWA pumpage fee has increased to \$1.50 per 1,000 gallons pumped.

Upon motion made by Director Strickland and seconded by Director Stevens, the Board unanimously voted to (i) approve the Operator's Report, (ii) authorized the rehabilitation of the roof and control building at Water Plant No. 1 in an amount not to exceed \$4,600.00, (iii) authorized replacement of the automatic composite sampler at the District's Wastewater Treatment Plant in an amount not to exceed \$5,586.53, (iv) authorized the purchase of 200 meters for the meter replacement program in the District, and (v) authorized the District's attorney to send a letter to the homeowner at 19506 Dianeshire in connection with the encroachment on the District's easement.

The Board next discussed the installation of several valves on the District's 12-inch water line along Cypresswood Drive to prevent a major water loss in the event the contractors hit such line during the installation of the NHCRWA surface water line. If the NHCRWA hits the water line a large segment of the District could be without power. Mr. Davis recommended that 3-5 valves be installed at an estimated costs of \$10,000.00 each.

The Board noted that an interruption in water service for an extended period poses an imminent threat to the public health. The Board further noted that an emergency condition exists and that in order to avert an interruption in service, the valves must be installed on the basis of a negotiated bid.

Upon motion made by Director Strickland and seconded by Director Stevens, the Board unanimously voted to authorize the installation of up to 5 valves on the District's 12-inch water line along Cypresswood Drive in an amount not to exceed \$50,000.00. The Board asked the Attorney to notify the Texas Commission on Environmental Quality of the emergency repairs.

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 proposed 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 Strickland 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.

ENGINEERING/DEVELOPMENT REPORT

The Board recognized Mr. Davis who presented the Engineering/Development Report. Mr. Davis updated the Board on the status of the District's proposed annexation of several tracts into the District.

North Harris County Regional Water Authority ("NHCRWA")/Conversion to Surface Water

Mr. Davis updated the Board on the status of the proposed construction of a surface water transmission line by the NHCRWA along Cypresswood Drive. Mr. Davis reminded the Board that once the NHCRWA's surface water line is installed, the District will have to convert the District's water system to treatment by chloramines rather than chlorine.

Siding /Roof/ Bar Screen For Wastewater Treatment Plant

Mr. Davis reminded the Board 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 presented to and reviewed with the Board, Pay Estimate No. 2 from NTS in the amount of \$111,709.89.

Upon motion made by Director Stevens and seconded by Director Satterwhite, the Board voted unanimously to approve Pay Estimate No. 2 from NTS in the amount of \$111,709.89.

Lakes of Cypress Forest and Cypress Forest Lakes

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

Cheddar's Restaurant

Mr. Davis noted that he has received plans from Property Commerce for the proposed Cheddar's Restaurant in the District.

Fence for Wastewater Treatment Plant

No action was taken on this item.

WATER AND SEWER OPERATIONS MANAGER'S REPORT

The Board recognized Ms. Divin, who presented the Water and Sewer Operations Manager's Report. Ms. Divin presented to and reviewed with the Board the revised 2009 Holiday Schedule for the District's employees, which is the same as the holiday schedule adopted by Harris County for 2009. Ms. Divin also updated the Board on (i) the status of the amendments to the District's Employment Manual, (ii) the status of the renewal of the District's trash collection contract, and (iii) discussions with the recycling company within the District regarding rates and possible recycling of glass.

Upon motion made by Director Dowdy and seconded by Director Stevens, the Board voted unanimously to approve the Water and Sewer Operations Manager's Report, including the approval of the 2009 Holiday Schedule for the District's employees.

ATTORNEY'S REPORT

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

Minutes of Meetings of December 10, 2008 and December 18, 2008

Proposed minutes of the meetings held December 10, 2008 and December 18, 2008, previously distributed to the Board were presented for consideration and approval.

Upon motion made by Director Strickland and seconded by Director Stevens, the Board voted unanimously to approve the minutes from the meetings of December 10, 2008 and December 18, 2008, as presented.

Resolution Regarding Use of Surplus Funds Without Further Approval of the Texas Commission on Environmental Quality

The Board recognized Mr. Kahn, who presented to and reviewed with the Board a Resolution Regarding Use of Surplus Funds Without Further Approval of the Texas Commission on Environmental Quality. Mr. Kahn explained that such Resolution authorizes the use of surplus funds from the District's Capital Projects Fund to reimburse the District's Operating Fund in the amount of \$31,822.61 for the costs associated with the repair/maintenance of various District facilities.

Upon motion made by Director Strickland and seconded by Director Stevens, the Board voted unanimously to approve the Resolution Regarding Use of Surplus Funds Without Further Approval of the Texas Commission on Environmental Quality.

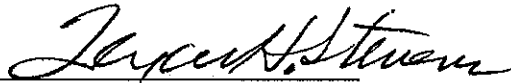
Board Liaison to Park Employees

Director Stevens presented to and reviewed with the Board the results of his investigation as liaison to the District's park employees. Mr. Stevens also noted that his term as liaison ended on January 1, 2009.

Upon motion made by Director Strickland and seconded by Director Dowdy, the Board voted unanimously to appoint Director Stevens as the permanent liaison to the District's park employees, retroactive to January 1, 2009.

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

APPROVED THIS February 11, 2009.


Secretary, Board of Directors