

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

OCTOBER 14, 2009

**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 **October 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, except Director Strickland, thus constituting a quorum.

Also attending the meeting were Kay Divin, the District's Water and Sewer Operations Manager; 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/Collector for the District; Mike Ammel and Karl Skarboszewski of Environmental Development Partners ("EDP"), the District's Operator; Deputy Constables George Beck and Dianne Hill with Harris County Precinct No. 4 Bob Sordahl, Emmett Poindexter, John Poole and Courtney Bird, residents of the District; David Vogt; Phil Halbert with Champions Hydro-Lawn; 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.

PUBLIC HEARING ON PROPOSED 2009 TAX RATE

At this time the President opened the meeting to a public hearing on the proposed 2009 tax rate for the District. The President recognized Mr. Kahn, who reminded the Board that at a previous District meeting, the Board discussed the District's tax rate for 2009. At such meeting the Board established its intent to set and levy a 2009 tax rate of \$0.53 per \$100 assessed valuation, consisting of a tax rate of \$0.38 per \$100 of assessed valuation for debt services purposes and \$0.15 per \$100 of assessed valuation for maintenance purposes. Mr. Kahn also stated that the notice of the proposed 2009 tax rate of \$0.53 per \$100 assessed valuation was published, as required by the Texas Water Code, in a newspaper of general circulation in Harris County at least seven days prior to this public hearing. The Board noting that there were no members of the public present who wished to comment on the 2009 tax rate, closed the public hearing on the 2009 tax rate and resumed the regular meeting.

ORDER SETTING TAX RATE FOR 2009

Consideration was then given to the adoption of an Order Setting Tax Rate for 2009.

Upon a motion made by Director Dowdy, seconded by Director Stevens, after full discussion and the question being put to the Board, the Board voted unanimously to set and levy a 2009 tax rate of \$0.53 per \$100 assessed valuation, consisting of \$0.38 per \$100 of assessed valuation for debt services purposes and \$0.15 per \$100 of assessed valuation for maintenance purposes, and to adopt the Order Setting Tax Rate evidencing the same, a copy of which is attached hereto and shall be considered a part of these minutes. The revenues from the debt service portion of such ad valorem tax shall be for the 2009 calendar year. The revenues from the operation/maintenance portion of such ad valorem tax shall be for the fiscal year ending July 31, 2010.

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 approximately 98.7% of the District's 2008 taxes have been collected as of September 30, 2009.

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

ENGINEERING/DEVELOPMENT REPORT

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

Mr. Davis noted that bids were received on October 7, 2009 for the Conversion to Chloromine Disinfection System at Water Plant No. 1 and Water Plant No. 2. Mr. David presented to and reviewed with the Board a recommendation of award of the contract for such project to the low bidder, JTR Construction, Inc., in the amount of \$296,000.00. Mr. Davis also reminded the Board that the money for such project will come from surplus construction funds of the District.

Upon a motion made by Director Satterwhite and seconded by Director Dowdy, the Board unanimously voted to approve the award of the contract for the Conversion to Chloromine Disinfection System at Water Plant No. 1 and Water Plant No. 2 to JTR Construction, Inc. in the amount of \$296,000.00.

Mr. Davis also (i) presented to and reviewed with the Board a commitment letter to provide 2,500 gallons per day water and wastewater treatment capacity to the Old Holzwarth Convenience Store, (ii) presented the Board with an application for a reclaimed water system in the District's parks for review, and (iii) noted that the sanitary sewer rehabilitation project to serve the northern properties in the District will be bid in the next few months.

Mr. Davis next introduced Mr. Vogt to the Board, who discussed with the Board a request for service to an approximately 12.5-acre tract that will be used as the Design Tech Homes model home park. The Board discussed either annexing such tract into the District or serving such tract as an out-of-District customer, noting that either scenario would result in approximately the same annual expenses for the owner of the tract. The Board noted that they would consider either scenario depending on the desire of the owner of the tract. Mr. Vogt stated that he would discuss the options with the owner and report back to the Board.

Upon a motion made by Director Stevens and seconded by Director Satterwhite, the Board unanimously voted to approve the Engineer's Report.

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 approve (i) the Bookkeeper's Report, (ii) the Investment Report, as presented, and (iii) the checks presented for payment.

Amended Budget for Fiscal Year Ending July 31, 2010

Ms. Jarmon next presented to and reviewed with the Board an amended water and sewer operations budget and park and recreational budget for the District's fiscal year ending July 31, 2010. The Board discussed amending the District's contract with Champions Hydro-Lawn to remove the mowing of the park area, which would save the District approximately \$14,000.

After further discussion regarding the amended budgets for the District's fiscal year ending July 31, 2010, upon a motion by Director Dowdy and seconded by Director Satterwhite, the Board voted unanimously to approve the amended water and sewer operations budget and park and recreational budget for the District's fiscal year ending July 31, 2010.

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 noted that there was 86.9% accountability for water pumpage during the current reporting period, bringing the twelve month average to 85.9%.

Mr. Ammel next presented a request from Alfonso Jara of Kings Village for an adjustment to the water bill for the Kings Village Community Association due to a leak in the irrigation system in Kings Village. Mr. Ammel presented a letter from a plumber stating that the leak has been repaired, but noted that the District's Rate Order only allows for a one-time adjustment for residential customers. The Board instructed Mr. Ammel to grant a one-time adjustment based on the average water bill for the previous three months usage and to also waive the penalties that have accrued on the Kings Village Community Association account.

Mr. Ammel also presented the Board with proposed revisions to the District's contract with EDP. The Board noted that they would review the proposed revisions and discuss them at the District's next regular meeting.

Upon motion made by Director Dowdy and seconded by Director Satterwhite, 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, 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 Dowdy and seconded by Director Satterwhite, 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.

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 connection with the Water and Sewer Operations Manager's Report.

ATTORNEY'S REPORT

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

Minutes of Meetings of August 25, 2009, September 3, 2009, September 9, 2009 and September 17, 2009

Proposed minutes of the meetings held August 25, 2009, September 3, 2009, September 9, 2009 and September 17, 2009, 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 meeting of August 25, 2009, September 3, 2009 and September 9, 2009, as presented. The Board deferred approval of the minutes of the meeting of September 17, 2009.

Amended Notice to Sellers and Purchasers

Consideration was then given to a proposed Amended Notice to Sellers and Purchasers. The President recognized Mr. Kahn, who informed the Board that the Notice to Sellers and Purchasers must be revised to reflect the 2009 tax rate.

Upon a motion made by Director Dowdy, seconded by Director Satterwhite, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Amended Notice to Sellers and Purchasers.

Petition for Addition of Land/Petition for Consent to Addition of Land

Mr. Kahn next presented to and reviewed with the Board the documents that need to be signed and submitted to the City of Houston, Texas in order to obtain their consent to the annexation of approximately 27.195 acres into the District.

Upon a motion made by Director Satterwhite, seconded by Director Stevens, after full discussion and the question being put to the Board, the Board voted unanimously to approve the documents in connection with the annexation of approximately 27.195 acres into the District.

Amend Rate Order

The Board next discussed amending the District's Rate Order in an effort to have the District recover its cost to produce water and treat sewage.

After further discussion, upon a motion made by Director Dowdy, seconded by Director Stevens, after full discussion and the question being put to the Board, the Board voted unanimously to amend the District's Rate Order to increase the sewer rate for all customers in the District by \$5.00 per month beginning with the November billing cycle.

Trash Collection

The Board discussed terminating the District's trash collection contract with Republic Waste and entering into a new trash collection contract. Ms. Divin presented to and reviewed with the Board the proposals that the District received from several trash companies.

After further discussion, upon a motion made by Director Dowdy, seconded by Director Satterwhite, after full discussion and the question being put to the Board, the Board voted unanimously to terminate the District's contract with Republic Waste and enter into a trash collection contract with Waste Connections, effective November 1, 2009, subject to negotiation of the final contract terms with Waste Connections.

CLOSED SESSION

Upon motion duly made by Director Stevens and seconded by Director Satterwhite, the Board voted unanimously to convene in closed session at 10:35 p.m. to discuss personnel matters and matters relating to pending litigation.

OPEN SESSION

Upon motion duly made by Director Satterwhite and seconded by Director Dowdy, the Board voted unanimously to reconvene in open session at 11:05 p.m.

Director Dowdy then made a motion to make a final offer of settlement to Art Gerczak, pursuant to the terms discussed in Closed Session and to advise Mr. Gerczak's attorney that such offer would be revoked if it is not accepted by Mr. Gerczak prior to 5:00 p.m. on Tuesday, October 20, 2009. The motion was seconded by Director Satterwhite and approved by unanimous vote.

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

APPROVED THIS November 11, 2009.


Secretary, Board of Directors