

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

FEBRUARY 19, 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 **special session**, open to the public, at the designated meeting place of the Board in the District on **February 19, 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 Art Gerczak, Construction Projects Manager for the District; Deputy Constables George Beck, Dianne Hill and Brian Frasier with Harris County Precinct No. 4; Brandy McSherry, an employee of the District; John Davis of Langford Engineering, Inc. ("Langford"), Engineers for the District; Ronny Hecht with Urban Meridian Group; Bob Sordahl, Emmett Poindexter and Peter Black, residents of the District; members of the public listed on the attached Attendance Sheet; and Josh J. Kahn of Coats, Rose, Yale, Ryman & Lee, P.C. ("CoatsRose"), Attorney for the District.

The meeting was called to order and the following business was conducted.

RECREATION REPORT

The Board recognized Ms. McSherry, who explained a new law that has been passed that requires new drain covers in the District's pools. Ms. McSherry noted that the new drains have been ordered and will be installed once they are received from the manufacturer.

The Board also discussed the expenses that the District has incurred over the last several months for drinks.

Upon motion duly made by Director Strickland and seconded by Director Satterwhite, the Board voted unanimously to only provide refreshments for Board meetings only and to authorize Director Stevens to purchase a small refrigerator for the Board meeting room to hold such drinks.

The Board also discussed (i) the District's time clock policy, (ii) the make-up of the various tennis leagues in the District between members and non-members, (iii) re-stocking of the lakes at the park with fish, and (iv) the January 1, 2009 cost-of-living increase raise for several District employees.

Upon motion duly made by Director Stevens and seconded by Director Satterwhite, the Board voted unanimously to (i) approve the re-stocking of the lakes in an amount not to exceed \$12,000 and (ii) approve a 2.4% pay increase, retroactive to January 1, 2009, for Denise Simples, Brandy McSherry and the two maintenance employees.

CONSTRUCTION PROJECTS MANAGER'S REPORT

The Board recognized Mr. Gerczak, who presented to and reviewed with the Board the Construction Projects Manager's Report. Mr. Gerczak presented the Board with a cost breakdown for the additional projects in the District along with an estimated costs to the District. Mr. Gerczak reminded the Board that the proposed timeline to complete the additional projects is June 30, 2009. The Board reviewed the proposed projects and discussed whether such projects should be completed now or at some point in the future.

Director Strickland made a motion to authorize the Construction Projects Manager to complete each of the projects and to retain the Construction Projects Manager as an employee through June 30, 2009. Director Stevens seconded the motion. After further discussion on the proposed additional projects, Director Dowdy motioned to amend Director Strickland's previous motion to exclude Item No. 3 (Seven Sitting Areas/Path Down to Edge of Lakes and Landscaping), No. 4 (Landscaping Throughout Park), No. 6 Four Small Pavilions with BBQ Pits), and No. 10 (Paint Sewer Plant Walls) and to extend employment of the Construction Projects Manager through May 31, 2009 or until such time as the remaining projects are complete, whichever comes first. Director Strickland seconded such motion, which was approved by a vote of 3 to 2, with Directors Williams and Satterwhite voting against the motion.

HEAR FROM THE PUBLIC

The Board recognized Mr. Hecht, who discussed the proposed development of an approximately 7.172 acre tract under contract by Urban Meridian Group. Mr. Hecht explained that approximately 3.179 acres is currently within the boundaries of the District and he requested that the Board consider annexing the remaining acreage. Mr. Hecht also requested water and sewer service to serve the entire 7.172 acres in the amount of 47,250 gallons per day. The Board then discussed with Mr. Hecht several different scenarios for the cost sharing of the facilities that will need to be oversized to serve such tract. Mr. Davis noted that the estimated costs of the oversized facilities is \$720,334. The Board noted that each of the two previous developers who required oversizing of facilities to serve their tracts each deposited approximately \$100,000 with the District so it would only be equitable for Urban Meridian Group to deposit a similar amount.

After further discussion and upon a motion duly made by Director Strickland and seconded by Director Satterwhite, the Board voted unanimously to authorize the District's attorney to prepare an annexation and service agreement for the 7.172 acre tract which would (i) require Urban Meridian Group to deposit \$103,500 with the District as their share of the costs to oversize the District's facilities to serve such tract, (ii) approve the annexation of the portion of such tract that is outside the District into the boundaries of the District, and (iii) commit water and sewer capacity to such tract in the amount of 47,250 gallons per day. The Board noted that the agreement will not include cost to extend the water and sewer line to serve such tract (which will be done at the sole cost of Urban Meridian Group with no future reimbursement) or the costs to annex the remaining portions of such tract into the District.

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. The Board discussed the issues with Harris County Municipal Utility District No. 249 ("MUD 249") and Harris County Municipal Utility District No. 99 ("MUD 99") having to switch to a chloramine disinfection system since each of such districts in on a single interconnect with the District. The Board discussed the option of delaying its conversion to surface water for as long as possible so that MUD 249 and MUD 99 do not have to convert to chloramines in the immediate future. After further discussion, the Board authorized the District's attorney to prepare a letter to the NHCRWA requesting a delay in the time that the District will be required to switch to surface water in an effort to defer the costs of switching to a chloramine disinfection system for the District, MUD 249 and MUD 99. The Board noted that both MUD 249 and MUD 99 would support such a letter.

Water and Sewer Availability Letter for Firehouse Subs

Mr. Davis presented to and reviewed with the Board the water and sewer availability letter for Firehouse Subs, located at 257 Cypresswood, Suite 200, for water and sewer capacity in the amount of 3,080 gallons per day.

Upon motion made by Director Stevens, seconded by Director Satterwhite, the Board voted unanimously to approve the water and sewer availability letter for Firehouse Subs.

PEACE OFFICER'S REPORT

The Board recognized Sergeant Beck, who presented the Peace Officers Report.

The Board noted that no action is needed in conjunction with the Peace Officer's Report.

CLOSED SESSION

Upon motion duly made by Director Satterwhite and seconded by Director Strickland, the Board voted unanimously to convene in closed session at 9:20 p.m. to discuss personnel matters.

OPEN SESSION

Upon motion duly made by Director Dowdy and seconded by Director Strickland, the Board voted unanimously to reconvene in open session at 10:30 p.m.

ATTORNEY'S REPORT

The Board recognized Mr. Kahn, who presented the Attorney's Report. Mr. Kahn presented to and reviewed with the Board an update to the District's developer reimbursement audit prepared by BKD, LLP in connection with the issuance of the District's Series 2009 Bonds. Mr. Kahn explained that after reviewing the invoices submitted by CCTO and recalculating developer interest, BKD, LLP authorized an additional payment to CCTO in the amount of \$4,376.00 from the District's Capital Projects Fund and an additional payment to CCTO in the amount of \$27,630.17 from the District's Operating Fund.

Upon motion made by Director Strickland, seconded by Director Stevens, the Board voted unanimously to approve the additional payments to CCTO in the amount of \$4,376.00 from the District's Capital Projects Fund and in the amount of \$27,630.17 from the District's Operating Fund.

Minutes of Meeting of January 31, 2009

The Board deferred approval of the minutes from the meetings of January 31, 2009.

Resolution Regarding Use of Surplus Funds

Mr. Kahn next presented to and reviewed with the Board a Resolution Regarding Use of Surplus Funds to the Texas Commission on Environmental Quality (the "TCEQ"), requesting approval of the TCEQ to use surplus funds in the District's Capital Projects Fund to reimburse CCTO for developer interest not included in the District's Series 2009 Bonds.

Upon motion made by Director Satterwhite, seconded by Director Strickland, the Board voted unanimously to approve the Resolution Regarding Use of Surplus Funds to the TCEQ.

Resolution Regarding Tax Exemptions for 2009

Consideration was then given to a proposed Resolution Concerning Tax Exemptions for 2009.

Upon motion by Director Strickland, seconded by Director Dowdy, 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, as authorized by Section 11.13 of the Property Tax Code, as amended, and (ii) adopt a twenty percent (20%) general residential homestead exemption as authorized by Article 8, Section 1-b(e), Texas Constitution and Section 11.13(n) of the Property Tax Code. A copy of said Resolution is attached hereto.

Engage Delinquent Tax Attorney

Consideration was then given to engaging Perdue Brandon Fielder Collins & Mott, LLP to collect the District's delinquent taxes for 2008 and prior years.

Upon motion by Director Strickland, seconded by Director Dowdy, after full discussion, and the question being put to the Board, the Board voted unanimously to engage Perdue Brandon Fielder Collins & Mott, LLP to collect the District's delinquent taxes for 2008 and prior years.


Resolution Implementing 20% Penalty on 2008 Delinquent Taxes

Consideration was then given to a proposed Resolution Authorizing a 20% Penalty on 2008 Delinquent Taxes.

Upon motion by Director Strickland, seconded by Director Stevens, after full discussion, and the question being put to the Board, the Board voted unanimously to authorize a 20% penalty on 2008 real property taxes which are delinquent on July 1, 2009 and thereafter, and a 20% penalty on 2008 personal property taxes which are delinquent on April 1, 2009 and thereafter, and to approve the Resolution evidencing the same. A copy of said Resolution is attached hereto.

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

APPROVED THIS March 19, 2009.


Secretary, Board of Directors