

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

September 8, 2010

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 **September 8, 2010 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 Sebastian	-	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; Jody Dellinger, Parks and Recreation 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/Collector for the District; Stephen Eustis of RBC Capital Markets Corporation, the District’s Financial Advisor; Eric Thiry and Karl Skarboszewski of Environmental Development Partners (“EDP”), the District’s Operator; Deputy Constable George Beck with Harris County Precinct No. 4; Phil Halbert of Champions Hydro-Lawn; Bob Sordahl and Emmett Poindexter, Jr., residents of the District; and Maria S. Parker and Joshua J. Kahn of Sanford Kuhl Hagan Kugle Parker Kahn LLP (“SK Law”), Attorneys for the District.

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

HEAR FROM PUBLIC

The Board then recognized Mr. Halbert, who updated the Board on the status of the maintenance of various detention ponds in the District.

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 98.3% of the District’s 2009 taxes have been collected as of August 31, 2010. Mr. Byrd noted that the 2010 certified assessed valuation for the District (including uncertified values) is \$469,257,254 compared to \$494,762,070 in 2009.

Upon motion duly made by Director Dowdy 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.

FINANCIAL ADVISOR'S REPORT

Discuss 2010 Tax Rate/Call Public Hearing on Proposed 2010 Tax Rate

The Board recognized Mr. Eustis, who discussed the 2010 tax rate recommendation. Mr. Eustis explained the procedures that the District must follow prior to adopting its 2010 tax rate. These procedures involve publishing notice of the District's tax rate hearing in a newspaper of general circulation within the District at least seven (7) days prior to such hearing. The Board discussed the analysis presented by Mr. Eustis.

Upon a motion by Director Dowdy, seconded by Director Strickland, the Board by a vote of 3 to 1, with Director Sebastian voting against the motion, authorized the District's Tax Assessor/Collector to publish notice of the District's Tax Rate Hearing on the District's proposed 2010 Tax Rate to be held on Wednesday, October 13, 2010 at 6:00 p.m. at 19023 Joanleigh, Spring, Harris County Texas, consisting of \$0.40 per \$100 of assessed valuation for debt service purposes and a maintenance tax of \$0.15 per \$100 of assessed valuation for a total 2010 tax rate of \$0.55 per \$100 assessed valuation. Director Sebastian noted that until such time as the District cuts its expenses she will not vote in favor of a tax rate increase. Director Stevens was not present for the vote.

PEACE OFFICER'S REPORT

The Board recognized Mr. Beck, who presented the Peace Officer's Report. The Board noted that no action is necessary in connection with the Peace Officer's Report.

OPERATOR'S REPORT

The Board next recognized Mr. Thiry, who presented to the Board the Operator's Report, a copy of which is attached hereto. Mr. Thiry reported as follows:

1. the District has a total connection count of 2,228;
2. the billed to pumped ratio for June was 89.0%;
3. conversion to surface water was scheduled for July 28, 2010, however, electrical issues between the North Harris County Regional Water Authority ("NHCRWA") meter and the chemical feed controllers will have to be resolved prior to conversion;
4. of the 688 meters that were identified in the 2008 Meter Replacement Report, 480 meters have been replaced to date;
5. the work on the valves, as approved at the May meeting, is pending with 13 valves that have not been able to be located and may require excavation;
6. an interior and exterior inspection of the District's elevated storage tank occurred on August 5, 2010 and the report has been forwarded to the District's Engineer for recommendations; and
8. the sulfur dioxide vacuum regulators at the wastewater treatment plant have been installed.

Upon motion made by Director Sebastian 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, Mr. Thiry 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 Sebastian and seconded by Director Dowdy, 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.

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 checks presented for payment and (iii) the Investment Report, as presented.

ENGINEERING/DEVELOPMENT REPORT

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

Permits for District Maintenance Building – Mr. Davis updated the Board on the status of obtaining the necessary permits from Harris County for the District's maintenance building. Mr. Davis presented a copy of a letter, dated September 8, 2010, wherein the "As-Built Certificates" and "Elevations Certificates" for the project were sent to Harris County. The District still must obtain the "As-Built Certificate" from the architect of the maintenance building prior to applying for the permits from Harris County.

Conversion to Surface Water – Mr. Davis presented to and reviewed with the Board a letter from the NHCRWA outlining the duties of the District's Operator upon conversion to surface water.

Sanitary Sewer Line Project along Holzwarth Road – Mr. Davis noted that the initial work on the sanitary sewer line project is underway and the pipe bursting is scheduled to commence next week.

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

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

ATTORNEY'S REPORT

The Board recognized Ms. Parker and Mr. Kahn, who presented the Attorney's Report. Ms. Parker updated the Board on the status of the Annexation and Service Agreement for Design Tech Homes and the Water Service Agreement with Carlisle Aspinell.

Minutes of Meetings

Proposed minutes of the meetings held August 11, 2010, August 19, 2010 and August 27, 2010 previously distributed to the Board were presented for consideration and approval.

Upon motion made by Director Strickland and seconded by Director Sebastian, the Board voted unanimously to approve the minutes from the meetings of August 11, 2010, August 19, 2010 and August 27, 2010, as amended.

PARKS AND RECREATION MANAGER'S REPORT

No report was offered.

CLOSED SESSION

Upon motion duly made by Director Sebastian and seconded by Director Dowdy, the Board voted unanimously to convene in closed session at 9:00 p.m. to discuss personnel matters.

OPEN SESSION

Upon motion duly made by Director Stevens and seconded by Director Dowdy, the Board voted unanimously to reconvene in open session at 10:15 p.m.

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

APPROVED THIS _____.

Secretary, Board of Directors