

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

MARCH 9, 2011

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 **March 9, 2011 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; Pat Hall of Equi-Tax, Inc. ("Equi-Tax"), Tax Assessor/Collector for the District; Eric Thiry and Jason Sessum of Environmental Development Partners ("EDP"), the District's Operator; Deputy Constables George Beck, Dianne Hill and Lieutenant Glaze with Harris County Precinct No. 4; Phil Halbert of Champions Hydro-Lawn; Bob Sordahl and Emmett Poindexter, Jr., residents of the District; Members of the Public listed on the attached Attendance Sheet; 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.

PEACE OFFICER'S REPORT

The Board recognized Mr. Beck, who presented the Peace Officer's Report. Lieutenant Glaze next updated the Board on the latest proposed budget cuts by Harris County and how such cuts may impact the County's contract deputy program. The Board noted that no action is necessary in connection with the Peace Officer's Report.

TAX ASSESSOR/COLLECTOR'S REPORT

The Board recognized Ms. Hall, 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. Ms. Hall noted that approximately 96.1% of the District's 2010 taxes have been collected as of February 28, 2011.

Upon motion duly made by Director Dowdy and seconded by Director Strickland, the Board unanimously voted to (1) approve the Tax Assessor/Collector's Report, and (2) authorize the payment of checks listed therein.

HEAR FROM PUBLIC

The Board recognized Mr. Halbert, who presented to and reviewed with the Board an update on the maintenance of various detention ponds in the District. Mr. Halbert noted that there is a sink hole in one of the Cypresswood Lake detention ponds that the District maintains. The Board noted that the cost of repairing such sink hole would need to be added to the water bills of the residents in Cypresswood Lake.

ENGINEERING/DEVELOPMENT REPORT

The Board recognized Mr. Davis, who presented the Engineering/Development Report. Mr. Davis: (1) presented a letter to the Texas Commission on Environmental Quality stating that the District's sanitary sewer rehabilitation project is complete, (2) presented documentation that will be submitted to the North Harris County Regional Water Authority ("NHCRWA") seeking reimbursement for the costs of conversion to chloramines (Mr. Davis explained that the NHCRWA has a reimbursement policy for money spent by its members on the conversion to surface water, with such costs being reimbursed over a period of 30 years and credited against future fees paid to the NHCRWA), (3) noted that a new homebuilder is interested in purchasing lots in Cypress Forest Lakes and Lakes of Cypress Forest and will need a letter from the District stating that there is water and sewer service available to such lots and that the District will maintain the water and sewer system, (4) noted that the storm water quality permit for the detention pond in the park has been completed and approved, and (5) noted that he has received plans from Davis Development for their apartment complex in the District.

Mr. Davis next discussed the District's Supervisory Control and Data Acquisition ("SCADA") system and the possible need to replace some components of such system in order for the system to be compatible with the District's chloramines system, at an estimated cost of \$40,000.00. Mr. Davis continued that the new components would also allow remote monitoring of the SCADA system by the District's Operator.

The Board next discussed a recent letter received by the District from the NHCRWA relating to the District's use of surface water. Ms. Parker explained that such letter states that any members of the NHCRWA that are capable of receiving surface water and are not using 100% surface water need to begin doing so or the NHCRWA will pass on any disincentive fees assessed against the NHCRWA by the Harris-Galveston Coastal Subsidence District to such members. Mr. Thiry noted that the District is currently using approximately 95% surface water. Mr. Thiry continued that the District must use some groundwater in order to provide fresh water to the District residents on the East side of IH-45. Ms. Parker noted that she will send a response to the NHCRWA explaining this issue.

Upon motion made by Director Sebastian and seconded by Director Dowdy, the Board unanimously voted to approve the Engineering/Development Report. The Board deferred action on the repair/replacement of the District's SCADA system.

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 (1) the Bookkeeper's Report, (2) the checks presented for payment and (3) the Investment Report, as presented.

WATER AND SEWER OPERATIONS MANAGER'S REPORT

The Board recognized Ms. Divin, who presented the Water and Sewer Operations Manager's Report. Ms. Divin noted that due to the increased cost of water, the Board may want to consider increasing the amount of its deposit to protect the District in instances where customers leave their homes without paying several months of water bills. The Board discussed both increasing the deposits at application and after disconnection.

Ms. Divin also discussed shortening the timeline of disconnection of service once a customer is delinquent. Mr. Thiry noted that such timeline could be decreased by approximately two weeks.

Upon motion made by Director Dowdy and seconded by Director Strickland, the Board unanimously voted to (1) approve the Water and Sewer Operations Manager's Report, and (2) approve an amendment to the District's Rate Order to increase customer deposits to \$150.00 and to require customers who are disconnected for nonpayment to increase such deposit by an additional \$150.00 following disconnection, up to a maximum deposit of \$450.00.

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 2,239;
2. the billed to pumped ratio for the previous month was 91.4%;
3. of the 688 meters that were identified in the 2008 Meter Replacement Report, 527 meters have been replaced to date;
4. the work on the valves, as approved at the May 2010 meeting, is pending with 7 valves remaining that have not been located;
5. NTS is scheduled to pump down and repair the two sluice gates at the Wastewater Treatment Plant on March 15, 2011;
6. work is pending on the repairs/replacements of various commercial meters in the District as authorized at the District's February meeting.

Mr. Thiry also presented to and reviewed with the Board a copy of the 2010 TWDB Water Loss Audit.

Upon motion made by Director Strickland and seconded by Director Sebastian, 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 Strickland and seconded by Director Sebastian, 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.

ATTORNEY'S REPORT

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

Minutes of Meetings

Proposed minutes of the meetings held December 7, 2010, January 12, 2011, January 20, 2011, January 31, 2011, February 9, 2011 and February 17, 2011 previously distributed to the Board were presented for consideration and approval.

Upon motion made by Director Stevens and seconded by Director Strickland, the Board voted unanimously to approve the minutes from the meetings of February 9, 2011 and February 17, 2011, as amended, and December 7, 2010, January 12, 2011, January 20, 2011 and January 31, 2011, as presented.

PARKS AND RECREATION MANAGER'S REPORT

The Board recognized Mr. Dellinger, who presented the Parks and Recreation Manager's Report. Mr. Dellinger noted that there have been many recent instances of pets in the park without a leash. The Board instructed Mr. Dellinger to allow the Constables to handle these situations.

The Board next discussed the District's policy relating to use of the District credit card. The Board noted that the outstanding balance limit should be \$20,000.00 and that the spending limit per transaction should be \$2,000.00.

Upon motion made by Director Dowdy and seconded by Director Stevens, the Board unanimously voted to (1) approve the Parks and Recreation Manager's Report, and (2) reduce the outstanding balance limit on the District's credit card to \$20,000.00 and the spending limit per transaction to \$2,000.00.

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

APPROVED THIS April 13, 2011


Secretary, Board of Directors