

**MINUTES OF SPECIAL MEETING
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 191
JANUARY 7, 2008**

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

The Board of Directors of Harris County Municipal Utility District No. 191 of Harris County, Texas, met in special session, open to the public, beginning at 7:00 P.M., at The County Line Restaurant, 13850 Cutten Road, Houston, Texas 77069, on January 7, 2008, and the roll was called of the duly constituted officers and members of the Board, to-wit:

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| Edward A. Monto | President |
| Robert Price | Vice President |
| Errol Wirasinghe | Secretary |
| Vaughan G. Miller | Treasurer |
| Ernest F. Gigliotti | Assistant Secretary |

and all of said directors were present, thus constituting a quorum.

Persons also present included Bradley Jenkins and Jason Ozuna of Jones & Carter, Inc.; Gus Gustafson of Aqua Services, LP; Cindy Nichols of Michael A. Cole, P.C.; and James L. Dougherty, Jr.

SYSTEM ANALYSIS OF CURRENT AND PROJECTED WATER USAGE AND WASTEWATER FLOWS

Gus Gustafson presented an "Analysis of Sewer Surcharge Program" and a "Sewer Surcharge Analysis", copies of which are hereto attached. President Monto noted a correction in the "Background" section of the Analysis of Sewer Surcharge Program that the Board has not made a decision as to what the income generated from the sewer surcharge program will be used for. The Board reviewed the Sewer Surcharge Analysis provided by the operator.

ENGINEERING MATTERS

Bradley Jenkins presented his written report to the Board, a copy of which is hereto attached. He reported that he has received pay estimate no. 6 from R&B Group for the wastewater treatment plant expansion phase II and recommends payment in the amount of \$18,190 (\$24,800 minus liquidated damages). It was noted by President Monto that the check has already been signed and given to Ms. Nichols to be mailed to R&B Group. Mr. Jenkins next reported that the WCP Cutten Road project appears to be on hold at this time, and Mr. Dougherty stated that he received an email today from Brady Wilkins stating that he is continuing to pursue development of the 4.539 acres in the District and has requested the District's consideration for annexation of an additional 11+ acres, all proposed to be developed as multi-family. The engineer next reported that he has reviewed and approved the engineering plans for the Citation Oil & Gas proposed development, but Harris

County's approval is still needed and is expected shortly. The engineer next stated that the District's existing wastewater permit is .6 mgd and the engineer has received and addressed the TCEQ's comments for a .71 mgd permit, but the TCEQ has not issued the new .71 mgd permit because of a regulatory stalemate between TCEQ and EPA regarding language to be placed in the permit to address the issue of the receiving stream being impaired because of excessive bacteria. Apparently, EPA is insisting that language requiring E. Coli monitoring be added to the permit (at a cost to the District of about \$3,000 per month), but TCEQ contends that such monitoring is not necessary or not cost-effective. Some discussion was had concerning this matter, and the Board's unanimous consensus was to not volunteer to do E. Coli monitoring, but instead to wait for the TCEQ and EPA to resolve the matter. The District would operate under the existing .6 mgd permit until the new .71 mgd permit is issued. Mr. Jenkins next reported that his firm has made revisions to the construction plans for a City of Houston water interconnect and plans to submit them for review this month.

SYSTEM ANALYSIS OF CURRENT AND PROJECTED WATER USAGE AND WASTEWATER FLOWS (Cont'd)

Mr. Jenkins reported that Jones & Carter has evaluated the District's ultimate water and wastewater needs and he presented preliminary tables outlining the projected water and wastewater requirements, as well as his recommendations, copies of which are attached to his engineering report. Mr. Jenkins stated that the District's current wastewater permit of .6 mgd is close to what the District's ultimate requirement is at full buildout without any additional annexations, and that there would not be any requirement for an additional expansion if the District could show the TCEQ that there is no need for expansion because the District is final and anticipates no more development. A discussion and review was had and it was noted in recapping the discussion that currently the District is operating under a .6 mgd wastewater permit; that there is a dispute between the TCEQ and EPA regarding language to be placed in the permit to address the issue of the receiving stream being impaired because of excessive bacteria; that the District has a pending permit of .71 mgd; that the District's engineer has stated that based on his analysis, the District's wastewater needs should not be exceeded with the anticipated growth and development of the existing acreage within the District and under the current wastewater permit of .6 mgd; and that there is no room at this time for additional annexations into the District.

Mr. Jenkins next presented an analysis of the current and projected water usage of the District and stated that based on historical water usage and existing development plus future development of undeveloped land within the District the projected ultimate water usage needs of the District are 918,200 gpd. Mr. Jenkins explained that the TCEQ uses a number of 360 gpd for a single family connection based on 3 people per house at 120 gpd, but that there are data indicating that usage in the District is 536 gpd per single family connection. He stated that based on 536 gpd he recommends the District add additional ground storage to handle the needs at ultimate buildout. He stated that additional ground storage is not needed at this time but will be necessary in the future. He stated that if the District would like he could put together a time line for when the additional ground storage will be needed. Discussion was had and it was noted that the District will be required to start buying surface water from the North Harris County Regional Water Authority (the "Authority") in the year 2010. The engineer agreed that the District probably has enough water capacity to serve existing development for the next 2 years, assuming there are no new annexations, but that at ultimate buildout the District will need more water. Mr. Jenkins briefly reviewed a cost

estimate for a water plant expansion. Board members requested Mr. Gustafson to break out the data on water usage by subdivisions and to report back to the Board on his findings.

A question was raised by Director Price as to whether the District will have to get into a blending program when it begins taking surface water from the Authority. A discussion was had and President Monto noted that the District does not need the Authority's water but is being required to buy water beginning in 2010. Board members stated that the District needs to start collecting information from the Authority as to what its plans are; whether the District will have to shut down its well; if there are any facility adjustments to be made; etc. Bradley Jenkins stated that he would gather information from the Authority and present it at the Board's February meeting.

In response to Brady Wilkins' request for the Board's consideration to annex an approximate 11-acre tract, the Board indicated that as of today the District is not in a position to annex additional land into the District because of constraints on both wastewater and water limits, and directed Mr. Dougherty to send a letter to Mr. Wilkins to this effect.

Director Price suggested that the Board promote water conservation within the District to which all Board members agreed.

Some discussion was had concerning the necessity of having a chloramine disinfection system in place before the District could receive surface water from the Authority, and the timing for same. Mr. Jenkins estimated the cost for a chloramine disinfection system to be about \$250,000. In response to a query of Mr. Jenkins, Board members expressed a consensus to not move forward with a GIS system at this time. In response to a query of Director Price regarding the storm water permitting program mandated by federal law (Phase II MS4 Program), Mr. Jenkins said that it only affects private gated communities which the District does have and that his firm is working on this and he will have something to present to the Board at its February meeting. Mr. Dougherty stated that he has not received any response from Maria Parker as to whether her clients, Tung Nguyen Giep and B&W Holdings, would be interested in a letter amendment to their agreements as discussed at the Board's November meeting.

President Monto next requested that the attorney, engineer and bookkeeper work together to gather all related costs of the wastewater treatment plant expansion phase II to see if the District needs to reimburse any amounts to the participating developers. The engineer was directed to certify the final costs of the plant expansion.

There being no other business to come before the Board the meeting was adjourned.

(SEAL)



Secretary, Board of Directors

Attachments: Analysis of Sewer Surcharge Program
Sewer Surcharge Analysis of Operator
Engineer's Report

COMMITMENTS FOR ACTION

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 191

MEETING OF JANUARY 7, 2008

1. **ATTORNEY, BOOKKEEPER AND ENGINEER** to work together to gather all related costs of the wastewater treatment plant expansion phase II to see if the District needs to reimburse any amounts to the participating developers.
2. **ATTORNEY** to send letter to Mr. Wilkins regarding request for consideration of annexation of 11+ acres.
3. **ENGINEER** to gather information from the Authority and present it at the Board's February meeting; present information regarding Phase II MS4 Program at Board's February meeting; and certify the final costs of the plant expansion.
4. **UTILITY OPERATOR** to break out data on water usage by subdivisions and present to Board.