MINUTES OF BOARD OF DIRECTORS MEETING
November 20, 2007

THE STATE OF TEXAS §
COUNTY OF HARRIS §
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109 §

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 109 (the "District") met in regular session, open to the public, at 5535 Green Timbers Drive, Humble, Texas, 77346, at 6:00 p.m. on November 20, 2007, whereupon the roll was called of the members of the Board, to wit:

Glenn R. Bogs, President
Owen Parker, Vice President
Chris Green, Secretary
Robin Sulpizio, Assistant Secretary
Cheryl Moore, Treasurer/Investment Officer

All members of the Board were present except Director Sulpizio. Also attending all or parts of the meeting were Mr. Paul Villarreal, Mr. Clinton Gehrke and Ms. Debbie Kinsey of Water Waste Water Management Services, Inc. ("WWW"), operator for the District; Mr. Jason Svatek of Brown & Gay Engineers ("B&G"), engineer for the District; Mr. Don Rutt of Donald Rutt, C.P.A., bookkeeper for the District; Mr. Tim Spencer of Ad Valorem Appraisals, tax assessor and collector for the District; and Ms. Carla Christensen of Fulbright & Jaworski L.L.P. ("F&J"), attorneys for the District.

The meeting was called to order in accordance with notice posted pursuant to law, copies of the Certificates of Posting of which are attached hereto as Exhibit "A," and the following business was transacted:

1. **Minutes**. The Board considered the proposed minutes of the meeting of October 16, 2007, a copy of which was previously distributed to the Board. Upon motion by Director Parker, seconded by Director Moore, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the meeting of October 16, 2007, as presented.

2. **Receive comments from the public**. There were no comments from the public at this time.

3. **Public Hearing on proposed tax rate.** The President opened the hearing on the proposed 2007 tax rate. There were no comments on the tax rate from the public.

4. **Adopt Order Setting Tax Rate and Levying Tax For 2007.** The Board reviewed the Order Setting Tax Rate and Levying Tax for 2007, a copy of which is attached hereto as Exhibit "B." Upon motion by Director Parker, seconded by Director Green, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the

Order Setting Tax Rate and Levying Tax for 2007, thereby levying a tax rate of $0.52 per $100 assessed valuation ($0.42 for debt service and $0.10 for operations and maintenance).

5. **Authorize Amended and Restated District Information Form.** Ms. Christensen presented to and reviewed with the Board the Amendment to the Amended and Restated District Information Form, a copy of which is attached hereto as Exhibit "C." Upon motion by Director Parker, seconded by Director Bogs, after full discussion and the question being put to the Board, the Board voted unanimously to authorize execution of the Amendment to the Amended and Restated District Information Form and the filing of the Amended and Restated District Information Form in the Harris County real property records.

6. **Review Tax Collector's Reports and authorize payment of certain bills.** Mr. Spencer presented to and reviewed with the Board the Tax Assessor and Collector's Report for the month of October, a copy of which is attached hereto as Exhibit "D." Mr. Spencer noted that 97.44% of the District's 2006 taxes had been collected as of October 31, 2007. Upon motion by Director Bogs, seconded by Director Parker, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Tax Assessor and Collector's Report, and to authorize payment of check numbers 997 through 1002 from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

7. **Adopt Resolution Casting Ballot for Election of Person to the Board of Director of the Harris County Appraisal District.** Ms. Christensen reviewed with the Board the Certificate of Ballot For Board of Directors of Harris County Appraisal District and the Resolution of the Board of Directors of Harris County Municipal Utility District No. 109 Casting Its Ballot for the Election of a Person to the Board of Directors of the Harris County Appraisal District, copies of which are attached hereto as Exhibit "E." Upon motion by Director Parker, seconded by Director Green, after full discussion and the question being put to the Board, the Board voted unanimously to cast a ballot for Glenn E. Peters to serve as a member of the Board of Directors of the Harris County Appraisal District.

8. **Review Bookkeeper's Report.** Mr. Rutt presented to and reviewed with the Board the Bookkeeper's Report for the month of October and a recap of the revenue received from the City of Houston in connection with the Strategic Partnership Agreement, copies of which are attached hereto as Exhibit "F." Upon motion by Director Moore, seconded by Director Bogs, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Bookkeeper's Report and to authorize the payment of check numbers 8906 through 8936 from the Operating Fund in the amounts, to the persons and for the purposes listed in the Bookkeeper's Report.

9. **Engineer's Report.** Mr. Svatek presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as Exhibit "G," and which follows in substantially the form it was presented:

a. Upper Lake Water Line – Pay Estimate No. 1 in the amount of $155,340.00 is being submitted for approval. The final completed contract amount will be $172,600.00 (original contact amount was $181,000.00). A final TCEQ Inspection has been scheduled for Wednesday, November 28, 2007. **ACTION ITEM**

b. Force Main Condition Assessment – Insituform opened access pits along Timber Forest the week of October 15, 2007 and testing on the 8" and 16" force mains took place on October 26, 2007. Test readings for the 8" force main were good, showing that the pipe is in good condition. Test readings for the 16" force main are lower than anticipated. Brown & Gay is running calculations to verify the minimum allowable thickness for this pipe. The final completed contract amount will be $223,745.00, which is $43,854.00 less than the original contract price. Pay Estimate No. 1 in the amount of $185,454.90 is being submitted for approval. **ACTION ITEM**
c. Green Timbers storm sewer – Brown & Gay is awaiting development plans from the corner tract at FM 1960 and Timber Forest before moving ahead with any drainage improvement plans.
d. Budget for CIP work for 2008 – The budget for this project should include +/- $630,000 for Woodland Hills water line loop as well as money for rehab of 16" force main (pending final results of testing analysis).
e. AJOB – Please see the attached draft Engineer's Report for the AJOB meeting to be held Tuesday, November 27, 2007.

Authorize Capacity Commitments

a. Updated District Inventory/Map – see attached.
b. Napa Auto Parts – Napa's Engineer submitted final plans for the auto parts store and 8" waterline extension last week. Brown & Gay reviewed and approved the plans and has submitted plan approval letters. The revised waterline easement has been recorded.
c. City Brew Coffee – City Brew Coffee is planning to construct a coffee drive through in the parking lot in front of the old Food City store. They are requesting 1 ESFC of water and wastewater capacity. **ACTION ITEM**

Upon motion by Director Moore, seconded by Director Parker, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Engineer's Report, to approve pay estimate no. one in the amount of $155,340.00 and to authorize payment of same in connection with the Upper Lake Water Line, to approve pay estimate no. one in the amount of $185,454.90 and to authorize payment of same in connection with the Force Main Condition Assessment, and to authorize preparation of a capacity commitment letter for City Brew Coffee for capacity sufficient to serve one equivalent single family connection.

10. **Authorize capacity commitments.** There was no further discussion on this item at this time.

11. **Discuss and take any necessary action in connection with sale of wastewater treatment plant capacity to Harris County MUD No. 494.** Mr. Svatek reported that Harris County MUD No. 494 ("No. 494") and its developer, WY Atlantis, previously requested wastewater treatment capacity from the Atascocita Joint Operations Board. Mr. Svatek reported that at the last Board meeting the District approved the sale of no more than 235,000 gallons per day of wastewater treatment capacity in the wastewater treatment plant to No. 494.

12. **Developer's Report.** There was no Developer's Report at this time.

Mr. Svatek reported that the plans for Kings Lake Estates, Section 8 will be submitted for approval next week. Mr. Svatek noted that Dr. Guniganti has proposed changes to the preliminary plat that will affect the construction plans.

13. **Discuss and take any action in connection with annexation matters**. Ms. Christensen stated that the Petitions for Consent to Addition of Land for all three tracts of land have been submitted to the City of Houston. Ms. Christensen reported that the City has declared the District's request for Consent to Annexation administratively complete.

14. **Discuss status of preparation of GIS System by Information Management (Wilson McCoy).** Director Parker reported that GIS Solutions has completed conversion of the GIS to an internet based system. Director Parker stated that he will provide the Directors and consultants with the web link and login information.

15. **Review Operations Report and authorize repairs.** Mr. Villarreal presented to and reviewed with the Board the Operations Report for the month of October, 2007, the lift station flow report, and a list of delinquent accounts, copies of which are attached hereto as Exhibit "H." Mr. Villarreal reported that 90% of the water pumped was billed for the period ending October 31, 2007.

Mr. Villarreal reviewed with the Board the lift station flow reports, copies of which are attached to the Operations Report.

Mr. Villarreal reported that four of the District's used fire hydrants have been provided to the fire station to be used as ornamental bollards.

Mr. Villarreal reported that the homeowner at 19115 Lakeshire and their neighbor experienced sanitary sewer back-ups. Mr. Villarreal stated that the plumber made the necessary repairs to the homeowners' service lines, but the problem was not corrected. Mr. Villarreal reported that WWW installed a six-inch clean out at the end of the lateral and reconnected the two service lines properly to correct the problem.

Mr. Villarreal reported that the polyphosphate pump at water plant no. two has been repaired and the defective chlorine booster pump has been replaced.

Mr. Villarreal stated that Infrastructure has been contacted to investigate the recent problems with the security cameras at water plant no. two.

Mr. Villarreal reported that the PLC battery and surge protector have been replaced at water plant no. two.

Mr. Villarreal reported that Napa Auto Parts sewer line and water main have been inspected.

Mr. Villarreal reported that the TCEQ has scheduled an inspection of the Upper Lake water line for November 28, 2007 at 10:00 a.m.

Mr. Villarreal reported that WWW is working with the owner of City Brew Coffee regarding the water and sewer tap installation and associated fees.

Mr. Villarreal requested that the Board authorize execution of a renewal service agreement with Corrpro Waterworks for 2008 to perform inspection of the cathodic protection

equipment at the water plants. Mr. Villarreal stated that such work should not cost more than $1,200.

Upon motion by Director Parker, seconded by Director Green, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Operations Report, to authorize a renewal contract with Corrpro Waterworks, and to authorize termination of service to those accounts on the delinquent list (with the exception of Mr. Killebrew's account) after the Thanksgiving holiday**.**

Mr. Villarreal reviewed with the Board a letter from the resident at 5827 Enchanted Timbers Drive requesting that the Board consider crediting a portion of his water bill due to a water line leak. It was the consensus of the Board to credit the resident at 5827 Enchanted Timbers Drive for the difference between the water bill in question and the average of the customer's previous six months usage.

Mr. Villarreal reviewed with the Board a letter from the resident at 19994 River Brook requesting reimbursement in the amount of $300.00 for dog pound fees. Ms. Villarreal reported that the resident is claiming that WWW left her back yard gate open on November 13, 2007 after performing sanitary sewer line repairs (for sewer back-up) and her dogs got out and were picked up by the pound on November 15, 2007. Discussion ensued. It was the consensus of the Board to deny such request for reimbursement.

16. **Other matters.** There were no other matters to come before the Board at this time.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, the meeting was adjourned.

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The above and foregoing minutes were passed and approved by the Board of Directors on December 18, 2007 .

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President, Board of Directors

ATTEST:

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Secretary, Board of Directors

(DISTRICT SEAL)