

MINUTES OF MEETING OF BOARD OF DIRECTORS  
March 28, 2009

THE STATE OF TEXAS  
COUNTY OF HARRIS  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 208

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 208 (the "District") met in special session, open to the public, at the offices of Fulbright & Jaworski L.L.P., 1301 McKinney Street, Houston, Texas, at noon on March 28, 2009; whereupon the roll was called of the members of the Board, to wit:

Gary Struzick, President  
Jon F. Moody, Vice President  
Richard Huhn, Secretary  
Brock E. Miller, Assistant Secretary  
Bob McCavitt, Assistant Secretary

All members of the Board were present except Director Miller. Also attending all or parts of the meeting were Ms. Kristen Scott of Bob Leared Interests ("BLI"), tax assessor and collector for the District; Mr. Tony Sarman of AECOM, engineers for the District; Mr. Chris Hoffman of H2O Consulting ("H2O"), operator for the District; Mr. Terry Holland of Myrtle Cruz, Inc., bookkeeper for the District; and Ms. Jana Cogburn and Ms. Nancy Green of Fulbright & Jaworski L.L.P. ("F&J"), attorneys for the District.

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

1. **Minutes.** Consideration was given to the approval of the minutes of the meeting of February 20, 2009, previously distributed to the Board. Upon motion by Director Moody, seconded by Director Huhn, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the meeting of February 20, 2009, as presented.

2. **Tax Assessor and Collector's Report.** The President recognized Ms. Scott, who presented to and reviewed with the Board the Tax Assessor and Collector's Report for the month ending February 28, 2009, a copy of which is attached hereto as Exhibit "B." Ms. Scott reported that the District has collected 94.079% of its 2008 taxes. Upon motion by Director Moody, seconded by Director McCavitt, after full discussion and the question being put to the Board, the Board voted unanimously to accept the Tax Assessor and Collector's Report and to authorize payment of check nos. 1298 and 1299 from the Tax Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

3. **Review Bookkeeper's Report, Investment Report and authorize payment of bills.** Mr. Holland presented to and reviewed with the Board the Bookkeeper's Report for February 2009, the Investment Report and the budget for the fiscal year ending

February 28, 2010, copies of which are attached hereto as Exhibit "D." Upon motion by Director Moody, seconded by Director McCavitt, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Investment Report and the Bookkeeper's Report and to authorize payment of check nos. 8109 through 8133 from the Operating Account to the persons, in the amounts, and for the purposes described in the Bookkeeper's Report.

4. **Review Investment Policy.** The Board reviewed the Investment Policy, a copy of which is attached hereto as Exhibit "D." Ms. Green noted that she updated the List of Authorized Brokers. No action was taken.

5. **Consider and approve IRS arbitrage rebate payment for Unlimited Tax Bonds, Series 2004.** Ms. Cogburn reported that the District owes the IRS \$4,516.60 for its Unlimited Tax Bonds, Series 2004 arbitrage rebate payment. Ms. Cogburn noted that the payment is calculated on the 8038—T form and detailed in the Arbitrage Compliance Specialists, Inc. transmittal letter, copies of which are attached hereto as Exhibit "E." Discussion ensued. Upon motion by Director Moody, seconded by Director Huhn, after full discussion and the question being put to the Board, the Board voted unanimously to authorize Director Struzick to execute the 8038-T form, and to approve payment of \$4,516.60 for its Unlimited Tax Bonds, Series 2004 arbitrage rebate payment.

6. **Operations Report.** The President recognized Mr. Hoffman, who presented to and reviewed with the Board the Operations Report and an Operations Report Summary, copies of which are attached hereto as Exhibit "F." Mr. Hoffman reported that in February the District pumped 6,130,000 gallons of water and purchased 5,917,000 gallons of water from the WHCRWA and that the District has 173,983,000 gallons and nine months remaining on its Harris Galveston County Subsidence District ("HGCS D") permit. Mr. Hoffman stated that the water accountability for February was 104.6%. Mr. Hoffman reported that since the water accountability is high, H2O would check the interconnect valves with neighboring districts to determine if a valve is leaking.

Mr. Hoffman reported on maintenance items and stated that Harris County Municipal Utility District No. 163 ("No. 163") has agreed to accept payment for the 2,642,000 gallons of water used by the District as the result of the leaking interconnect at a price of \$1.53 per 1,000 gallons of water.

Mr. Hoffman reviewed with the Board the Operations Report Summary. Mr. Hoffman reported that the well motor #2 repair and related insurance claim would be discussed in the Engineer's Report.

Mr. Hoffman reported that H2O repaired a water main break at Royal Gardens and Park Falls. Mr. Hoffman noted that the line is shared with No. 163 and that H2O will charge No. 163 for their share of the work per the shared cost agreement. Mr. Hoffman stated that the total repair cost is \$2,721.85 and that No. 163 is responsible for 69% of the cost.

Mr. Hoffman reported that he talked to a FEMA representative on March 26, 2009 and signed documents for the FEMA application reimbursement.

Mr. Hoffman reported on the Superior Water System and noted that he sent an email to the TCEQ Region 12 office and is waiting on a response.

Mr. Hoffman reported that draft articles for the District newsletter are attached to the Operations Report and include summer water rate information.

Mr. Hoffman reported that the 13-month water accountability report would likely reflect that 900,000 gallons of water were recorded on the pool meter at Park Falls. Director Struzick requested that Mr. Hoffman contact Mr. Ransom via email or letter regarding the meter reading. Mr. Hoffman stated that the meter reading reflects the time frame between January 23, 2009 and February 23, 2009.

7. **Discuss purchasing a generator from Harris County Municipal Utility District No. 186 (“No. 186”).** Mr. Hoffman reported that H2O is obtaining an independent appraisal for the No. 186 generator. In response to a question from Director Moody, Mr. Hoffman stated that the District would not be able to obtain the generator from No. 186 for use during the 2009 hurricane season. In response to a question from Director Struzick, Mr. Hoffman reported that the District is using the same procedures as last year to reserve a generator during extreme weather events. Mr. Hoffman stated that H2O reviewed one company’s generator rental agreement and noted that the company’s rental agreement costs were very expensive. Mr. Hoffman reported that he is continuing to research generator rental companies.

8. **Discuss FEMA reimbursement of Hurricane Ike expenses and other FEMA programs.** This item was discussed in the Operations Report.

9. **Discuss and authorize preparation of identity theft prevention program.** Ms. Cogburn reviewed with the Board the Red Flag article regarding identity theft and a draft of the Order Adopting Identity Theft Prevention Program and Providing for Implementation and Enforcement Thereof, copies of which are attached hereto as Exhibit “G.” Ms. Cogburn reported that the Federal Government is requiring all retail utility providers to adopt an identity theft program by May 1, 2009. Ms. Cogburn stated that the AWBD is hosting a presentation on April 1, 2009 to discuss the program and its requirements. Discussion ensued. Ms. Cogburn noted that operators and attorneys in the industry have agreed that a standardized program would be more effective for operators to implement and monitor. It was the consensus of the Board to review the program with H2O in May.

10. **Engineer’s Report.** The President recognized Mr. Sarman, who presented to and reviewed with the Board the Engineer’s Report, a copy of which is attached hereto as Exhibit “F.”

Mr. Sarman reported that AECOM is coordinating with H2O on the GIS updates for sanitary sewer repairs to provide the updated files for review and comment. In response to a question from Director Moody, Mr. Sarman responded that AECOM has not updated the GIS with the repairs at Pine Falls. Mr. Hoffman reported that H2O and AECOM initially created the GIS for manhole and point repairs, but that the GIS can also include other repairs. Mr. Sarman recommended that the District complete the current GIS updates and discuss future additions at a later date.

Mr. Sarman reported on the generator funding and legislation and stated that several bills have been introduced but that none have made it out of committee. Mr. Sarman reported that SB 361 and HB 632 are both having public hearings this week. Mr. Sarman reported that a bill analysis and fiscal note were prepared for SB 361. Mr. Sarman reported that copies of various bills introduced in the legislature are attached to the Engineer's Report.

Mr. Sarman reported that AECOM received an email from Camp, Dresser and McKee ("CDM") on behalf of Harris County requesting information regarding the District's critical water and wastewater infrastructure as well as experiences related to Hurricane Ike. Mr. Sarman stated that AECOM confirmed with Harris County that the information will be used to develop a database of critical utility district infrastructure and to support federal funding requests to aid districts with future storm preparation and response. Mr. Sarman stated that the forms were e-mailed to the Board for discussion and estimated the cost to complete the forms at less than \$1,000. The Board directed Mr. Sarman to complete the forms.

Mr. Sarman reported that the Harris County will not proceed with the coordination of generator grants on behalf of municipal utility districts located in Harris County due to the lack of partial payment funding and coordination by FEMA. Mr. Sarman stated that if the District is interested in continuing the grant process, the next application is due April 10, 2009. It was the consensus of the Board not to proceed with the grant application.

Mr. Sarman reported on water well #2 and stated that AECOM received repair estimates from Alsay, Inc., Layne Christensen Company and Weisinger Water Well and that copies of the estimates are attached to the Engineer's Report. Mr. Sarman stated that AECOM recommends continuing the water well repair with the low bidder, Alsay, Inc and noted that as agreed at last months' meeting, Director Moody had authorized AECOM to proceed with repairs from Alsay, Inc. Mr. Hoffman reported that H2O received a \$23,996 insurance check for the well. Mr. Hoffman noted that the insurance payment covered the following costs:

- \$7,050 – pulling the motor
- \$8,110 – submersible pump
- \$6,086 – pump cable
- \$5,250 – reinstalling the pump

Mr. Hoffman reported that a supplemental insurance payment is also expected for the well motor.

In response to a question from Director Sturzick, Mr. Hoffman recommended cleaning the water well because of the buildup on the pipe.

11. **Discuss update of website and preparation of newsletter.** This item was discussed in the Operations Report.

12. **Report on Copperfield Joint Operations Board ("CJOB") meeting.** Director Struzick reported that CJOB discussed operational issues including the blower housings and the operator building addition to the east of the belt press building. Mr. Hoffman noted that CJOB passed the first quarter inspections in the biomonitoring tests.

Director Struzick reported that CJOB discussed the draft five year forecast for critical item repairs, a copy of which is attached hereto as Exhibit "I." Ms. Green stated that copies of the draft were emailed to each director in each of the districts earlier that week. Ms. Cogburn reported that CJOB cannot create a cash reserve for payment of critical item repairs and that capital items need to be paid for on a percentage basis of ownership. In response to a question from Director Moody, Ms. Cogburn responded that the District has a 9% basis of ownership in CJOB and can pay for its portion of the critical item repairs from either capital project or operating funds.

13. **Other matters.** Director McCavitt reported that the HOA has requested the District's help in funding sidewalk and playground equipment repairs in the District. Discussion ensued. It was the consensus of the Board that the HOA provide the District a written proposal of the repair items for their review.

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

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The foregoing minutes were passed and approved by the Board of Directors on

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President, Board of Directors

ATTEST:

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Secretary, Board of Directors

(DISTRICT SEAL)