

MINUTES OF MEETING OF BOARD OF DIRECTORS  
April 17, 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 regular session, open to the public, at the offices of Fulbright & Jaworski L.L.P., 1301 McKinney Street, Houston, Texas, at noon on April 17, 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 McCavitt. Director Struzick entered the meeting in progress. 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; Ms. Lori Hogue of Myrtle Cruz, Inc., bookkeeper for the District; 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 March 28, 2009, previously distributed to the Board. Upon motion by Director Miller, 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 March 28, 2009, as presented.

2. **Tax Assessor and Collector's Report.** The Vice President recognized Ms. Scott, who presented to and reviewed with the Board the Tax Assessor and Collector's Report for the month ending March 31, 2009, a copy of which is attached hereto as Exhibit "B." Ms. Scott reported that the District has collected 96.93% of its 2008 taxes. Upon motion by Director Huhn, seconded by Director Miller, 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. 1300 through 1302 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.** Ms. Hogue presented to and reviewed with the Board the Bookkeeper's

Report for March 2009, the Investment Report and the budget for the fiscal year ending February 28, 2010, copies of which are attached hereto as Exhibit "C."

Director Struzick entered the meeting at this time.

Upon motion by Director Miller, seconded by Director Huhn, 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. 8136 through 8162 from the Operating Account to the persons, in the amounts, and for the purposes described in the Bookkeeper's Report.

4. **Operations Report.** The Vice 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 "D." Mr. Hoffman reported that in March, the District pumped 7,766,000 gallons of water and purchased 7,656,000 gallons of water from the WHCRWA and that the District has 158,561,000 gallons and eight months remaining on its Harris Galveston County Subsidence District permit. Mr. Hoffman stated that the water accountability for March was 91.8%.

Mr. Hoffman reported on maintenance items and stated that H2O filed an insurance claim on well motor #2 and noted that the well work began yesterday.

Mr. Hoffman reported that the annual GST inspections on the ground storage tanks are complete. Mr. Hoffman recommended replacing the existing vent system with a T-style system on the tanks at an estimated cost of \$6,000 each. In response to a question from Director Struzick, Mr. Hoffman stated that the T-style vent is more elevated and helps prevent chlorine gases from floating around and deteriorating the tanks and vents. Mr. Hoffman reported that the vents were replaced in 2006. Upon motion by Director Struzick, seconded by Director Miller, after full discussion and the question being put to the Board, the Board voted unanimously to approve replacing two vent systems and screens at an estimated cost of \$6,000 each.

Mr. Hoffman reported that H2O repaired tapline leaks at 16223 Rainbow Lake at a final cost of \$2,495.01 and 7526 Honey Creek at a final cost of \$3,161.63.

Mr. Hoffman reported that booster pump #1 has developed increased vibration and was pulled yesterday. Mr. Hoffman reported that once a tear down report and inspection is complete, H2O will provide the Board cost estimates.

Mr. Hoffman reviewed the administrative items and noted that H2O provided water quality information to Harris County Municipal Utility District Nos. 163, 162 and 186 as required by the TCEQ.

Mr. Hoffman recommended that the Board approve the semi-annual cleaning of the lift station at an estimated cost of \$2,000. Mr. Hoffman noted that the item is not included on the Operations Report. Upon motion by Director Struzick, seconded by Director Miller, after full discussion and the question being put to the Board, the Board voted unanimously to authorize H2O to perform the lift station cleaning at an estimated cost of \$2,000.

Mr. Hoffman reported that the summer water rates go into effect May 1, 2009.

**5. Approve Order Adopting Identity Theft Prevention Program and Providing for Implementation Thereof.** Director Moody reported that he attended the AWBD presentation regarding identity theft. The Board reviewed the Order Adopting Identity Theft Prevention Program and Providing for Implementation Thereof, a copy of which is attached hereto as Exhibit "E." Mr. Hoffman reviewed the proposed billing procedures for implementing identity theft prevention on new accounts, a copy of which is attached to the Operations Report. Mr. Hoffman stated that the same requirements will apply to renters and owners. Mr. Hoffman reported that H2O will require a lease or sellers/buyers agreement to set up service in addition to personal identification, payment of deposit, an application fee and a notarized service agreement. Mr. Hoffman stated that drivers license and social security numbers will not be recorded. Mr. Hoffman reported that H2O will provide notary services for the application/service agreement. Discussion ensued. It was the consensus of the Board to review the procedures annually. Mr. Hoffman stated that an additional charge ranging between \$2 to \$5 may be added to the application fee to cover costs for implementing identity theft requirements. Director Struzick requested that Ms. Green submit the new account procedures to the website manager for posting. Upon motion by Director Struzick, seconded by Director Huhn, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Order Adopting Identity Theft Prevention Program and Providing for Implementation Thereof.

Mr. Hoffman reviewed with the Board a letter from a resident requesting a waiver of the reconnection fee for her water termination. Mr. Hoffman stated that the customer paid her water bill on-line prior to leaving town for spring break. Mr. Hoffman reported that he encouraged the customer to verify that the payment was received before the termination date in order to avoid disconnection. It was the consensus of the Board not to waive the customer's fee. Discussion ensued regarding credit card payments. Mr. Hoffman stated that he would research credit card payment services for the District's customers.

**6. Discuss purchasing a generator from Harris County Municipal Utility District No. 186 ("No. 186").** Mr. Hoffman reported that the generator from No. 186 is actually a 225 KW generator instead of a 125 KW generator (the size needed by the District). Mr. Hoffman reported that the estimated cost for the independent evaluation is \$1,000 and that the District would be responsible for \$500 of the evaluation cost. It was the consensus of the Board to proceed with the evaluation to determine the reasonableness of the generator, even though the generator KW size is greater than needed. Director Moody requested that F&J notify the District if competitive bids are required to purchase the generator and/or if other requirements need to be met. The Board requested that Mr. Sarman compare the cost of a new 225 KW generator to the cost of a used 225 KW generator and to include costs for the specifications, installation, foundation and wiring in the generator estimates. It was the consensus of the Board not to include an estimate for an automatic transfer switch.

**7. Engineer's Report.** The Vice 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 has finished updating the GIS files and that AECOM is coordinating with H2O to meet and import the new files.

Mr. Sarman reported that AECOM is continuing to monitor proposed legislation regarding generator requirements and several bills have been introduced. Mr. Sarman noted that Senate Bill 361 ("SB 361") passed in the Senate on April 8, 2009 and would be introduced in the House of Representatives. Mr. Sarman reported that a copy of SB 361 is attached to the Engineer's Report. Director Struzick requested that Mr. Sarman check with AECOM to determine if the AWBD is actively involved with the legislature regarding the generator requirements. Mr. Sarman reported that he would discuss the issue with Larry Mueller and report his findings to the Board.

Mr. Sarman reported that AECOM is preparing the Camp, Dresser and McKee ("CDM") forms on behalf of the District for providing information on critical water and wastewater infrastructure for emergency management purposes. Mr. Sarman reported that the forms will be emailed to CDM and Board upon completion.

Mr. Sarman reported on water well #2 and stated that Alsay began working on the water well on April 16, 2009. Mr. Sarman stated that he would keep the Board informed on the progress of the well cleaning and repair.

Mr. Sarman reported that AECOM has received several requests for information regarding insurance proposals. Mr. Sarman stated that AECOM has not changed the value of the wastewater treatment plant, the water plant or the lift station.

Mr. Sarman reported that he provided answers to a questionnaire from Hartford Steam Boiler regarding the District, a copy of which is attached to the Engineer's Report. Mr. Sarman reported that he submitted the response to the questionnaire on April 13, 2009. Director Struzick expressed concern that the questionnaire may be used to adjust the District's insurance premiums. Director Struzick requested that Mr. Sarman contact Hartford Steam Boiler to obtain the reason for the questionnaire.

**8. Discuss update of website and preparation of newsletter.** Director Moody reported that District residents are allowed to use the splash pad in Southcreek Park and that the information needs to be forwarded to the website manager and added to the District website.

**9. Report on Copperfield Joint Operations Board ("CJOB") meeting.** Director Struzick reported that CJOB discussions included the malfunctioning of the vacuum line on chlorinator #1 which resulted in a fecal coliform reading in water sampled by the Harris County Environmental Group. Director Struzick stated that H2O resolved the problem within 15 minutes and repaired the vacuum line but that the violation must be reported the TCEQ. Director Struzick reported that CJOB approved replacing four blower housings at a cost of \$2,000 each. Director Struzick reported that CJOB discussed the new meter at Hearthstone.

In response to a question from Director Struzick, Mr. Hoffman reported that he emailed and spoke in person to Mr. Ransom regarding the leak at the pool.

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)