

MINUTES OF MEETING OF BOARD OF DIRECTORS
July 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 July 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. 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"), operators for the District; Mr. Terry Holland of Myrtle Cruz, Inc., bookkeeper for the District; and Ms. Jana Cogburn and Ms. Mirna Jakupovic 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 June 26, 2009, previously distributed to the Board. Ms. Scott noted an error in the spelling of a resident's name. Upon motion by Director Miller, seconded by Director Moody, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the meeting of June 26, 2009, as revised.

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 June 30, 2009, top 40 delinquent taxpayers, and five eligible uncollectible accounts, copies of which are attached hereto as Exhibit "B." Ms. Scott reported that the District has collected 98.479% of its 2008 taxes. Ms. Scott reviewed with the Board five uncollectible personal property accounts and requested the Board's approval to classify them as uncollectible. Ms. Scott noted that all five accounts have been delinquent on their tax bill for at least five years or more. Upon motion by Director McCavitt, seconded by Director Huhn, after full discussion and the question being put to the Board, the Board voted unanimously to classify the five delinquent personal property accounts as uncollectible, to accept the Tax Assessor and Collector's Report and to authorize payment of check nos. 1311 through 1316 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 June, 2009, the Investment Report and the budget for the fiscal year ending February 28, 2010, copies of which are attached hereto as Exhibit "C."

Mr. Holland requested the Board's approval to transfer \$200,000 from the general fund account and purchase a 90-day certificate of deposit ("CD") with an interest rate of 1.75% from Memorial City Bank. Upon motion by Director Miller, seconded by Director McCavitt, after full discussion and the question being put to the Board, the Board voted unanimously to authorize MCI to transfer \$200,000 from the general fund account into a 90-day CD with an interest rate of 1.75% from Memorial City Bank, to approve the Investment Report and the Bookkeeper's Report and to authorize payment of check nos. 8227 through 8261 from the Operating Account to the persons, in the amounts, and for the purposes described in the Bookkeeper's Report.

4. **Approve filing of Annual Financial and Operating Report.** The President recognized Ms. Cogburn, who explained to the Board that starting July 1, 2009, continuing disclosures, such as annual financial information and material event notices, need to be electronically filed at a single location, the Electronic Municipal Market Access ("EMMA"). Ms. Cogburn noted that EMMA provides free public access to continuing disclosure documents filed by issuers. 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 continuing disclosure filing with EMMA.

5. **Review Operations Report and authorize necessary repairs.** 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 "D." Mr. Hoffman reported that in June, the District pumped 9,330,500 gallons of water and purchased 19,022,00 gallons of water from the WHCRWA and that the District has 99,565,500 gallons and five months remaining on its HGSD permit. Mr. Hoffman stated that the water accountability for June was 96.3%.

Mr. Hoffman reported that the booster pump #1 repair is complete and the pump is operational at a final cost of \$3,265.32.

Mr. Hoffman reported that the alternative costs for programmable logic controller ("PLC") controls are being evaluated.

Mr. Hoffman reported that the ground storage tanks have been ordered at an estimated cost of \$12,000 and should be installed next month.

Mr Hoffman reported that according to NTS estimates, the cost to repair the motor for booster pump #1 should not exceed \$5,000. He requested the Board's approval to repair the motor for booster pump #1 at the estimated price. 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 repair the motor for booster pump #1 at an estimated cost not to exceed \$5,000.

Mr. Hoffman reported that the automatic dialer for the lift station has been ordered at an estimated cost of \$3,400.

Mr. Hoffman reported on water line repairs and noted that the final cost for the repaired water main break at Hickory Point at Lakeview Haven was \$1,956.30.

Mr. Hoffman reported that H2O sealed a manhole at 7514 Bluebonnet Run at a final cost of \$382.27.

Mr. Hoffman reported that H2O sealed a manhole at 16102 Elm Point at a final cost of \$872.67.

Mr. Hoffman reported on the Official Payment Corporation ("Official Payment") on-line services noting that customers will be able to make credit and electronic check payments. Official payment fees will be in addition to water bill amounts and will range from \$2.95 to \$4.95, depending on the transaction amount. Maximum transactions are \$300, however, residents will be able to make multiple payments if an amount exceeds \$300. Mr. Hoffman stated that the agreement between the District and Official will need to be executed following review by Ms. Cogburn. Banking information will be provided by the bookkeeper with the Tax ID and routing information. Official Payments will provide daily electronic reports or payments to operator to process payments.

Mr. Hoffman noted that he receives approximately three e-mails a month inquiring about online payment options. Mr. Hoffman added that the possibility of making electronic payments will provide the most help to residents who are late on their payments and would like to avoid their water service being disconnected. Mr. Hoffman added that the District could include information in their newsletter regarding the online payment options.

Mr. Hoffman presented to and reviewed with the Board a letter from Glatfelter Claims Management, Inc., stating that a claim for Booster Pump #1 has been denied as the repair was necessitated by wear and tear and deterioration.

6. **Consider and approve PLC options.** This item was discussed under the Operations Report.

7. **Discuss generator options:** Mr. Hoffman reported that the lift station generator will be discussed next month following the Harris County Municipal Utility District No. 186 meeting.

8. **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 "E." Mr. Sarman reported that Allsay has completed the well repairs and submitted the final invoice.

Mr. Sarman reported that Senate Bill 361, attached to the Engineer's Report, has been signed by the Governor. According to the bill, the emergency preparedness plan is to be submitted to TCEQ by March 1, 2010 and implemented by July 1, 2010. Mr. Sarman stated that the bill also states that by November 1, 2009, emergency contact information and locations are to be submitted to the County Judge, County Office of Emergency Management, Public Utility Commission of Texas, and the Office of Emergency Management of the Governor. Mr. Sarman added that the TCEQ has to adopt standards not later than December 1, 2009.

9. **Approve Interlocal Agreement with Harris Galveston Subsidence District ("HGSD") for 2009/2010 Water Wise sponsorship program.** The Board reviewed the Interlocal Agreement with HGSD. The Board asked whether more clarification was received from HGSD regarding the groundwater credits and Water Wise sponsorship for Fiest and Lowery Elementary Schools. Ms. Cogburn stated that Ms. Green is still waiting on a reply from Susan Brown at HGSD. This item was deferred.

10. **Discuss update of website and preparation of newsletter.** Director Moody discussed the issue of water conservation, emphasizing the need to be more proactive in educating residents about water rates and conservation.

Director Miller left the meeting at this time.

The Board agreed to address the topic in the next issue of the newsletter. Extensive discussion regarding water conservation ensued. It was consensus of the Board to form a sub-committee to explore the issue of water conservation and water rights. The Board unanimously decided to appoint Director Moody, Director Huhn, and Director McCavitt as members of the sub-committee. Mr. Hoffman stated the sub-committee can use the offices of H2O Consulting as a meeting place. Director Moody stated that many residents are not aware of their water consumption rates. Director Moody added a letter should be sent to the top ten percent of water users making them aware of their high water consumption rates.

11. **Report on Copperfield Joint Operations Board ("CJOB") meeting.** Director Struzick reported that CJOB discussions included failure of the Sewage Treatment Plant's biomonitoring test for fathead minnow survival in both May and June. He added that the Plant will be retested in July and that AECOM will submit a general outline for the toxicity reduction evaluation to the Texas Commission of Environmental Quality ("TCEQ") and that Alan Plummer & Associates will perform an analytical study of the screen lab sample.

Mr. Hoffman reported that the Hearthstone Country Club effluent meter was installed and is operational.

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:

Secretary, Board of Directors