

MINUTES OF MEETING OF BOARD OF DIRECTORS  
August 21, 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 August 21, 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; Mr. Dennis Zehler, representative of South Creek Village Home Owners Association ("SCVHOA"); 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 minutes of the special meeting of August 6, 2009 and the minutes of the regular meeting of July 17, 2009, previously distributed to the Board. Director McCavitt requested that "vents" follow "tank" in the fourth sentence under item 5 in the minutes of the meeting of July 17, 2009. 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 minutes of the special meeting of August 6, 2009, as presented and the minutes of the regular meeting of July 17, 2009, as revised.

2. **Consider request for additional sprinklers in South Creek Village ("SCV").** The President recognized Mr. Zehler, who reviewed his email request for additional sprinklers in SCV, a copy of which is attached hereto as Exhibit "B." Mr. Zehler requested that the Board provide a financial contribution for additional sprinkler lines in four areas in SCV. Mr. Zehler reported that Pampered Lawns provided quotes for additional lines and noted that the SCVHOA would be repairing and replacing sprinkler heads and clocks on the existing system. Director Moody stated that he is not overly supportive of the District funding new sprinkler lines but would support the District's involvement in improving the current system as it relates to water conservation. Director McCavitt stated that an expanded system would need to be more

efficient on the existing system. Director Miller requested that Mr. Zehler provide the Board a map of the areas, details of the system repairs, new clock design information, and more detailed cost estimates. Director Struzick noted that the District charges all Home Owners Associations ("HOAs") in the District a reduced water rate. Directors Moody and Struzick requested that Ms. Cogburn review the request and provide a legal opinion on the District's financial contribution to the project. Mr. Hoffman noted that the Royal Gardens Gazebo Park was not located in the District. Director Miller noted that he would be interested in viewing more detailed information on the project. Discussion ensued. Upon motion by Director Moody, seconded by Director Miller, after full discussion and the question being put to the Board, the Board voted three in favor, with Directors Moody and McCavitt opposing, to consider a more detailed proposal from the SCVHOA for the installation of an irrigation system in the three areas located in the District. Mr. Hoffman suggested that SCVHOA consider installing a separate irrigation meter for the Autumn Laurel Pool to save money.

3. **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 July 31, 2009, a copy of which is attached hereto as Exhibit "C." Ms. Scott reported that the District has collected 98.92% of its 2008 taxes. In response to a question from Director Struzick, Ms. Scott noted that the delinquent tax attorney would proceed with collections on the unpaid account listed on page 7 of the report. Upon motion by Director Moody, 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. 1317 and 1318 from the Tax Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

4. **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 July, 2009, the Investment Report and the budget for the fiscal year ending February 28, 2010, copies of which are attached hereto as Exhibit "D." In response to a question from Director Struzick, Mr. Hoffman stated that the variance in the Repairs and Maintenance category on the budget reflects the unforeseen expenses related to the well pump no. 2 replacement and repair. Discussion ensued regarding the of funds for payment. Director Struzick requested that Ms. Cogburn determine if the costs could be paid with funds in the capital projects account. Director Struzick also requested that the budget be amended to include a section for special repairs.

Upon motion by Director McCavitt, seconded by Director Moody, 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. 8262 through 8295 from the Operating Account to the persons, in the amounts, and for the purposes described in the Bookkeeper's Report.

5. **Approve Interlocal Agreement with Harris Galveston Subsidence District ("HGSD") for 2009/2010 Water Wise sponsorship program.** The Board discussed the Water Wise sponsorship program and the District's active participation in the program. Discussion ensued on the value of the program and the feedback from the participating schools. Upon motion by Director Moody, seconded by Director Miller, after full discussion and the

question being put to the Board, the Board voted unanimously to approve the Interlocal Agreement with HGSD for the 2009/2010 Water Wise sponsorship program.

**6. 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 "E." Mr. Hoffman reported that in July, the District pumped 9,330,500 gallons of water and purchased 7,784,000 gallons of water from the West Harris County Regional Water Authority ("WHCRWA") and that the District has 72,842,600 gallons and four months remaining on its HGSD permit. Mr. Hoffman stated that the water accountability for June was 95.2%.

Mr. Hoffman reported on the maintenance items and noted that H2O is evaluating alternative costs for the programmable logic controller ("PLC") controls. Mr. Hoffman stated that he would like an NTS representative to attend the September meeting for a five minute presentation on the SCADA system.

Mr. Hoffman reported that the ground storage tank vents have been ordered at an estimated cost of \$12,000 and should be installed in the near future.

Mr. Hoffman reported that the motor for booster pump #1 has been installed at an estimated cost of \$3,500.

Mr. Hoffman reported on sewer line repairs and noted that H2O has observed settlement in the area of the sanitary sewer lines. Mr. Hoffman stated that H2O will water test the lines and manholes by jetting water down into the soil and checking the connections. Mr. Hoffman noted that a copy of the GIS map of the lines is attached to the Operations Report.

Mr. Hoffman reported on administrative items and stated that H2O will submit the water withdrawal information to the WHCRWA, as required.

Mr. Hoffman reported that FEMA is re-evaluating the Hurricane Ike reimbursement, a copy of such letter is attached to the Operations Report.

Mr. Hoffman reported that atrazine was detected in the June 17, 2009 ground water sample sent to the Texas Department of State Health Services. Mr. Hoffman stated that the quarterly sample is submitted to the TCEQ. Mr. Hoffman stated that the District is not in violation and noted that sample report was also sent to the WHCRWA. Director Struzick requested that Mr. Hoffman notify the WHCRWA by letter and request the WHCRWA's plan of action regarding the atrazine. In response to a question, Mr. Hoffman reported that the District is blending 50% ground water and 50% well water and noted that the well is running 10 to 12 hours per day.

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

**8. Discuss purchasing generator from Harris County Municipal Utility District No. 186 ("No. 186").** Mr. Sarman reviewed with the Board the Engineer's Report, a

copy of which is attached hereto as Exhibit "F." Mr. Sarman reported that No. 186 has not given authorization to begin design, but is leaning toward installing a second generator at the water plant instead of replacing the current generator. Mr. Sarman reviewed the cost estimate for a 125 kw natural gas generator set, a copy of which is attached to the Engineer's Report. Mr. Sarman reported that the estimated cost of a new 125 kw natural gas generator set is \$134,842.13 and a used 125 kw natural gas generator is \$19,500. The Board discussed the size options for the generator and requested that David Neil of NTS look for used natural gas generators ranging in size from 60 kw to 125 kw. Mr. Hoffman stated that NTS would need to move quickly to acquire a used generator and requested that the Board authorize a Director to act on behalf of the Board regarding the selection and purchase of a used generator. Discussion ensued. Upon motion by Director McCavitt, seconded by Director Miller, after full discussion and the question being put to the Board, the Board voted unanimously to authorize Director Moody to coordinate with Mr. Hoffman and NTS to select and purchase a used natural gas generator and sound enclosure a cost not to exceed \$25,000.

9. **Engineer's Report.** Mr. Sarman reviewed the remainder of the Engineer Report and stated that AECOM reviewed the aerial map for updating the District website aerial maps. Mr. Sarman reported that it would take AECOM 2.5 days to prepare the following three maps: 1) color aerial map with contours; 2) street centerline map with street names; and 3) aerial map with street names. Mr. Sarman stated that AECOM would generate JPEGs of the maps and PDF files for printing. Discussion ensued. This item was deferred.

Mr. Sarman reported that AECOM is preparing the information for submittal to the TCEQ for the release of the sanitary sewer escrowed repairs.

Mr. Sarman reported that AECOM believes that Senate Bill No. 361's November 1, 2009 deadline emergency contact information and locations 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 will be due when the emergency preparedness plan is due in 2010.

10. **Discuss Conservation Committee Report.** Director Moody reviewed with the Board the Conservation Goals/Ideas, a copy of which is attached hereto as Exhibit "G." Director Moody noted that the top five goals are as follows: (1) reduce water consumption; (2) disburse moneys collected as a result of the incremental portion of the summer rates; (3) delay capital spending (bond issue with WHCRWA key issue); (4) be a model for the Copperfield community; and (5) increase communication to our users (newsletter, website, public forums). Director Moody requested the Board's approval to join the Alliance for Water Efficiency ("AWE") for \$200 per year so that the District could be made aware of the latest conservation methods. It was the consensus of the Board to join the AWE. Director Moody stated that the Conservation Committee is planning to meet once each month.

Mr. Hoffman reviewed with the Board the Water Conservation Report, a copy of which is attached hereto as Exhibit "H." Director Moody stated that San Antonio notified its top ten water users of their water consumption and he recommended that the Board consider the same approach with its top ten water users. Director Moody stated that he believes water conservation should be regulated as little as possible.

11. **Discuss update of website and preparation of newsletter.** Director Moody reported that the newsletter articles would include the acceptance of credit card payment for water bills, conservative water use, and the items available on the District website (such as Director email addresses).

12. **Report on Copperfield Joint Operations Board (“CJOB”) meeting.** Director Struzick reported that CJOB discussions focused on the toxicity reduction evaluation (“TRE”) and the cause of the fathead minnow survival test failure for the June, 2009 biomonitoring compliance test. Director Struzick noted that CJOB hired consultants to review the sewage treatment plant operations and determine the possible point of origin for the bacteria in the water. Director Struzick reported that screen samples were performed before and after the dechlorination basin was thoroughly cleaned and noted that the screen sample tests performed before the cleaning failed and the screen sample tests performed after the cleaning passed. Director Struzick stated that Hearthstone Country Club (“Hearthstone”) had been pumping 100% of the effluent water which prevented water from flowing through the basin and created stagnant water in the basin. Director Struzick reported that AECOM is looking into options to either maintain a minimum flow through the dechlorination chamber or to prevent standing water in the dechlorination chamber during no flow conditions. Director Struzick reported that H2O met with Hearthstone to discuss the changes in operations and noted that H2O set a float to prevent Hearthstone from pumping 100% of the effluent. Director Struzick reported that CJOB voted to terminate the effluent use agreement contract with Hearthstone in order to address the TRE, but noted that the District and CJOB are willing to work with Hearthstone to develop modifications to the agreement to allow Hearthstone to use effluent subject to certain restrictions on the time and volume of effluent use. Mr. Hoffman noted that the modifications need to be in place before the quarterly biomonitoring test is performed by September 23, 2009.

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