

MINUTES OF MEETING OF BOARD OF DIRECTORS  
September 18, 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 September 18, 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; Ms. Lori Hogue of Myrtle Cruz, Inc., bookkeeper for the District; Mr. David Neil and Mr. Mark Wycoff of Neil Technical Services, Inc.; Mr. Carlin Short, financial advisor 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 minutes of the regular meeting of August 21, 2009, previously distributed to the Board. Director McCavitt requested that "than" replace "on" in the fifth sentence under item 2. 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 minutes of the regular meeting of August 21, 2009, as revised.

2. **Consider Financial Advisor's Recommendation of the 2009 Tax Rate and Adopt Order Designating Officer to Calculate and Publish Tax Rate for 2009.** The President recognized Mr. Short, who presented his recommendations for the District's 2009 Tax Levy, a copy of which is attached hereto as Exhibit "B." Mr. Short recommended that the Board set a tax rate of \$0.60 per \$100 assessed valuation (\$0.45 per \$100 assessed valuation for debt service and \$0.15 per \$100 assessed valuation for operations and maintenance). 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 adopt the Order Designating Officer to Calculate and Publish Tax Rate, a copy of which is attached hereto as Exhibit "C," thereby indicating its intent to set a tax rate of \$0.60 per \$100 assessed valuation (\$0.45 per \$100 assessed valuation to pay principal and interest to service the District's debt and \$0.15 per \$100 assessed valuation to fund

maintenance and operating expenditures) and to designate Bob Leared as the District's officer to publish the proposed tax rate in the Houston Chronicle.

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 August 31, 2009, a copy of which is attached hereto as Exhibit "D." Ms. Scott reported that the District has collected 99.10% of its 2008 taxes. 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 accept the Tax Assessor and Collector's Report and to authorize payment of check nos. 1319 through 1322 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.** Ms. Hogue presented to and reviewed with the Board the Bookkeeper's Report for August, 2009, the Investment Report, and the budget for the fiscal year ending February 28, 2010, copies of which are attached hereto as Exhibit "E." In response to a question from Director Struzick, Mr. Hoffman stated that the variance in the ground water expenses occurred because the District budgeted to receive 90% surface water from West Harris County Regional Water Authority ("WHCRWA"). Mr. Hoffman reported that the District spent three times the budgeted amount on groundwater for the month.

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. 8300 through 8334 from the Operating Account to the persons, in the amounts, and for the purposes described in the Bookkeeper's Report.

5. **Amend Budget.** The Board discussed the WHCRWA fees and insurance variances. No action was taken.

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 "F." Mr. Hoffman reported that in August, the District pumped 13,904,500 gallons of water and purchased 8,382,000 gallons of water from the WHCRWA and that the District has 50,556,100 gallons and three months remaining on its HGSD permit. Mr. Hoffman stated that the water accountability for August was 95.8%.

Mr. Hoffman reported that the GM Services well test reports are attached to the Operations Report for the Board to review. Mr. Hoffman stated that the well levels have dropped approximately 80 feet since the last test report in April.

7. **Consider and approve Programmable Logic Controller ("PLC") Options.** The President recognized Mr. Neil and Mr. Wycoff, who presented to the Board options for PLC and Supervisory Control and Data Acquisition ("SCADA") technology. Mr. Neil stated that the District's current PLC is obsolete and is not expandable. Mr. Wycoff demonstrated the new PLC capabilities on a lap top computer. Mr. Neil stated that the new

SCADA technology allows remote control operation to adjust pressure and monitor chlorine residuals. Mr. Wycoff reported that the SCADA systems also apply to energy conservation uses. In response to a question from Director Miller, Mr. Hoffman stated that he would like the system to be expandable to adjust set points. Director McCavitt noted that benefits of an expandable system are a more reliable system that allows the operator to monitor the flow rate and interface with the system remotely. Extensive discussion ensued on the type of PLC to purchase and phasing the expansion of the PLC over a period of five to eight years.

8. **Operations Report continued.** Mr. Hoffman reported on maintenance items and noted that the motor for booster pump #1 has been installed at an estimated cost of \$4,000.

Mr. Hoffman reported that the booster pump #2 was replaced at a final cost of \$1,591.11.

Mr. Hoffman reported that the lift station dialer has been installed at a final cost of \$3,894.05.

Mr. Hoffman reported that he requested David Neil to begin researching used generators after verifying with AECOM the size needed to run two 7.5 horse power (“hp”) or one 20 hp pump. Mr. Hoffman reported that the generator should be sized from 60 kw to 125 kw.

Mr. Hoffman reported on sewer line repairs on Royal Garden and Shangrila. Mr. Hoffman stated that H2O tested the areas around the sewer line at multiple locations and reported that the preliminary report indicates that the only areas of infiltration are in the storm sewer lines and inlet boxes.

Mr. Hoffman reported on administrative items and stated that Mr. Loredó requested a bill adjustment due to a water leak. 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 authorize H2O to adjust Mr. Loredó’s water bill according to the District’s policy.

Mr. Hoffman reported that the recent water report from the TCEQ on radionuclides is attached to the Operations Report for the Board to review.

Mr. Hoffman reported that he provided Ms. Cogburn a copy of the on-line credit card payment contract to review. 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 credit-card payment contract, pending legal review.

Mr. Hoffman stated that Centerpoint damaged a waterline at the intersection of Queenstone and Royal Gardens at an estimated cost of \$4,400. Mr. Hoffman reported that the claim would be submitted next week.

9. **Amend Rate Order.** The Board discussed amending water rates to encourage water conservation. Director Moody stated that the conservation committee is

interested in developing a rate structure for parks and recreation for presentation to the HOA in October. Extensive discussion ensued. It was the consensus of the Board that H2O provide the District the total volume of water used by the HOA on a month to month basis over the last three years so that the Board can consider a possible rate amendment in mid 2010.

10. **Discuss generator options.** Mr. Sarman reported that the District is awaiting information from NTS regarding the selection and purchase of a used natural gas generator and sound enclosure.

11. **Engineer's Report.** Mr. Sarman reviewed with the Board the Engineer's Report, a copy of which is attached hereto as Exhibit "G." Mr. Sarman recommended that the Board request that the TCEQ release the remaining \$302,187 (earmarked for sanitary sewer repairs) from the Series 2003 Bonds escrow account. 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 request to the TCEQ to release the remaining \$302,187 (earmarked for sanitary sewer repairs) from the Series 2003 Bonds escrow account.

Mr. Sarman reported 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. Director Moody stated that the resolution of the current map on the website is weak and requested that AECOM provide the map that offers the most clarity and update the map with the most recent information.

12. **Discuss Conservation Committee Report.** Director Moody reviewed with the Board the special meeting minute discussions, a copy of which is attached hereto as Exhibit "H." Director Moody stated that the committee discussed and reviewed water conservation issues and policies to develop a model for a program from A4WE.

13. **Discuss update of website and preparation of newsletter.** Director Moody reviewed with the Board an article for the newsletter and website updates, copies of which are attached to the Conservation Committee Report. Mr. Hoffman reported that the District generally publishes an article on the tax rate and preparation of pipes for freezing weather.

14. **Report on Copperfield Joint Operations Board ("CJOB") meeting.** Mr. Hoffman reported on the toxicity reduction evaluation ("TRE") retests and screen tests. Mr. Hoffman reported that no toxicity has been detected since July. Mr. Hoffman stated that Mr. Pasch of Alan Plummer Associates, Inc. is confident that the TCEQ will determine there is no need to submit a TRE to the TCEQ based on the Board's implementation of the golf course contractual changes, dechlorination basin cleaning, and the baffle installation. Mr. Pasch believes that the TCEQ will conclude that the fat-head minnow failure was an operational issue and not a toxicity issue. Director Struzick stated that CJOB has cancelled its effluent use agreement contract with Hearthstone Country Club and has authorized F&J to prepare amendments to the contract.

Director Struzick reported that CJOB approved the purchase of two used trailer mounted diesel generators and asked that each district adopt a resolution to authorize a director to act on behalf of its board in connection with the purchase of the generators.

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