

MINUTES OF MEETING OF BOARD OF DIRECTORS  
October 17, 2008

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 October 17, 2008; 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 Directors Huhn and Moody. 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 TCB, Inc. ("TCB"), 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.

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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 special meeting of August 22, 2008, previously distributed to the Board. 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 approve the minutes of the special meeting of September 19, 2008, as presented.
2. **Public Hearing on 2008 Tax Rate.** There were no public comments.
3. **Adopt Order Setting Tax Rate and Levying a Tax for 2008** 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 adopt the Order Setting Tax Rate and Levying Tax for 2008, a copy of which is attached hereto as Exhibit "B," thereby levying a tax rate of \$0.60 per \$100 valuation (\$0.45 per \$100 assessed valuation for debt service and \$0.15 per \$100 valuation for operations and maintenance).
4. **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 of September, a copy of which is attached hereto as Exhibit "C." Ms. Scott

reported that the District has collected 98.858% of its 2007 taxes. 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 accept the Tax Assessor and Collector's Report and to authorize payment of check nos. 1286 through 1288 from the Tax Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

5. **Consider and approve Procedures and Guidelines Regarding Post-Issuance Compliance with Federal Tax Requirements Applicable to Tax-Exempt Bonds.** Ms. Cogburn reviewed with the Board the Procedures and Guidelines Regarding Post-Issuance Compliance with Federal Tax Requirements Applicable to Tax-Exempt Bonds, a copy of which is attached hereto as Exhibit "D." 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 approve the Procedures and Guidelines Regarding Post-Issuance Compliance with Federal Tax Requirements Applicable to Tax-Exempt Bonds.

6. **Bookkeeper's Report.** Mr. Holland presented to and reviewed with the Board the Bookkeeper's Report for September 19, 2008 and October 17, 2008, copies of which are attached hereto as Exhibit "E." 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 approve the Investment Report and the Bookkeeper's Report and to authorize payment of check nos. 7957 through 7986 from the Operating Account to the persons, in the amounts, and for the purposes described in the Bookkeeper's Report.

7. **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 August the District pumped 10,827,800 gallons of water and purchased 7,703,000 gallons of water from the West Harris County Regional Water Authority and that the District has 25,269,200 gallons and two months remaining on its Harris Galveston County Subsidence District ("HGCSO") permit. Mr. Hoffman stated that the water accountability for September was 91.4%.~~

Mr. Hoffman reviewed with the Board the Operations Report Summary. Mr. Hoffman reported on maintenance items and activities related to Hurricane Ike. Mr. Hoffman reported that the operational cost for the water plant was \$3,496.34. Mr. Hoffman noted that the fuel cost amount for the water plant is not yet available. Mr. Hoffman reported that the operational cost for the lift station was \$2,126.35 and the electrician/generator cost for the lift station was \$3,070. Mr. Hoffman reported that the operational costs associated with Hurricane Ike are complete and that H2O has filed a preliminary FEMA application on behalf of the District.

Mr. Hoffman reported that a chip in the impeller of the submersible pump on lift pump #1 was discovered during the maintenance inspection. Mr. Hoffman stated that a copy of the repair vs. replacement estimate is attached to the Operations Report. Mr. Hoffman recommended repairing the pump at an estimated cost of \$3,067.50. 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 repair lift pump #1 at an estimated cost of \$3,067.50.

Mr. Hoffman reported that wear in the wearing for the submersible pump on lift station pump #2 was discovered during the maintenance inspection. Mr. Hoffman stated that pump #2 will be pulled after the pump #1 repair is complete.

Mr. Hoffman reported that well motor #2 shorted to the ground. Mr. Hoffman noted that a cost estimate for pumping the equipment and well cleaning is attached to the Operations Report. Mr. Hoffman stated that the short was probably caused by an electrical surge. Extensive discussion ensued on the whether the District should maintain a second well and the cost benefits of repairing the motor. Director Struzick requested that Mr. Hoffman obtain a recommendation from Alsay. Director Struzick also requested that Mr. Hoffman obtain a second opinion from LB Guyton. 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 engage LB Guyton at a cost not to exceed \$5,000.

Mr. Hoffman reported that booster pump #2 shorted to the ground and that H2O is waiting on the motor shop repair estimate. Mr. Hoffman noted that the short was possibly caused by a electrical surge.

Mr. Hoffman reported that the lift station fence that the District shares with a neighboring homeowner was damaged during the storm and requested the Board's approval to share the cost of the fence replacement with the homeowner. 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 share the cost of the fence replacement at the lift station with the homeowner.

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Mr. Hoffman reported that Ms. Hatfield at 7826 Shangrila is protesting her water meter accuracy and that a copy of her correspondence to H2O is attached to the Operations Report. The Board requested that Mr. Hoffman send a letter to Ms. Hatfield noting that the water meter is accurate.

Mr. Hoffman reported that the District has 25,000,000 gallons remaining on the HGCSO Permit for the next two months. Mr. Hoffman requested the Board's approval to request an amendment to the permit. 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 amend the HGCSO Permit by 20 MG.

Mr. Hoffman reported that H2O repaired a sewer line at 7527 Shangrilla at a final cost of \$7,944.88.

Mr. Hoffman reported that H2O is still working on the asset history and updating the asset table with input from TCB.

Mr. Hoffman reviewed with the Board the Hurricane Ike Memo, a copy of which is attached hereto as Exhibit "G." Mr. Hoffman reported that the estimated damages to CJOB from Hurricane Ike are approximately \$40,000 to \$50,000 and that H2O submitted an application to FEMA for reimbursement of Hurricane Ike expenses.

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 "H."

Mr. Sarman reported on the GIS updates for Sanitary Sewer Repairs and noted that TCB is coordinating with H2O to provide the updated files for review and comment. Mr. Sarman noted that TCB has billed the District \$5,696.84 of the estimated \$8,000 for the project.

Mr. Sarman reported that H2O and TCB met with Dennis McShane of Glatfelter Insurance Group on October 8, 2008 to tour the wastewater treatment plant and water treatment plant. Mr. Sarman stated that H2O and TCB are providing general information to him. Discussion ensued regarding the background checks on individuals requesting access to the plants.

Mr. Sarman stated that TCB has finalized the review of the asset table and submitted the review to H2O.

Mr. Sarman reported that TCB has submitted the phase 12 sanitary sewer repair plans to H2O. Mr. Sarman reported that TCB has billed \$18,179 of the budgeted \$42,000 for the repair plans.

9. **Discuss the HCWCID 145 proposed walkway/trail system.** Director Struzick reported that he attended the Town Hall meeting for the proposed walkway/trail system and that the presentation was good.

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10. **Discuss update of website and preparation of newsletter.** The Board reviewed the draft newsletter, a copy of which is attached hereto as Exhibit "I."

11. **Report on Copperfield Joint Operations Board ("CJOB") meeting.** Director Struzick reported that CJOB discussed the activities during Hurricane Ike. Director Struzick reported that CJOB approved raising Hearthstone Country Club's water rate by \$0.10 per 1,000 gallons.

Director Struzick reported that he attended the WHCRWA meeting and that the meeting included a long discussion regarding sanctions against districts that do not convert to surface water and the penalty of not converting on time. Director Struzick reported that the WHCRWA is raising water rates by \$.10 effective January 1, 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

(DISTRICT SEAL)