

MINUTES OF MEETING OF BOARD OF DIRECTORS  
November 21, 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 November 21, 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. 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; 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.

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 October 17, 2008, previously distributed to the Board. 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 meeting of October 17, 2008, as presented.

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 of October, a copy of which is attached hereto as Exhibit "B." Ms. Scott reported that the District has collected 98.858% of its 2007 taxes. 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 accept the Tax Assessor and Collector's Report and to authorize payment of check nos. 1289 through 1291 from the Tax Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

3. **Bookkeeper's Report.** Mr. Holland presented to and reviewed with the Board the Bookkeeper's Report for October, 2008, a copy of which is attached hereto as Exhibit "C." Director Struzick requested that the Board defer consideration of moving money from the

construction account into certificates of deposits. 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. 7993 through 8019 from the Operating Account to the persons, in the amounts, and for the purposes described in the Bookkeeper's Report.

Director Miller entered the meeting at this time.

4. **Consider and Approve Rate Order Amendment.** No action was taken.

5. **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 "D." Mr. Hoffman reported that in October the District pumped 7,341,000 gallons of water and purchased 4,845,000 gallons of water from the West Harris County Regional Water Authority and that the District has 22,993,200 gallons and one month remaining on its Harris Galveston County Subsidence District ("HGCS D") permit. Mr. Hoffman stated that the water accountability for October was 91.9%.

Mr. Hoffman reviewed with the Board the Operations Report Summary. Mr. Hoffman reported on maintenance items and noted that the Lift Pump #1 repairs are complete and the pump is operational.

Mr. Hoffman reported that Lift Pump # 2 was pulled and torn down during the lift pump #1 installation.

Mr. Hoffman reported that Well Motor #2 would be discussed in the Engineer's Report.

Mr. Hoffman reported that a new motor has been ordered for Booster Pump #2 at an estimated cost of \$4,750.

Mr. Hoffman reported on tapline leak repairs and sewer line investigations in the District.

Mr. Hoffman stated that Mr. Prideaux of 7543 Wildwood Brook Ct. notified H2O of a water leak and requested the Board's approval to credit his account for water that was not used but leaked away. It was the consensus of the Board that Mr. Hoffman notify Mr. Prideaux in writing that the water that leaked away did not incur a sewer charge and that the District would charge Mr. Prideaux the non-conservation water rate in accordance with the District's policies.

Mr. Hoffman reported that the HGCS D permit was amended to 10,000,000 gallons of water.

Mr. Hoffman reported that the Asset Evaluation Report is attached to the Operations Report for the Board's review. Director Struzick suggested that the Board review the report and defer discussing the report until December.

6. **Discuss FEMA reimbursement of Hurricane Ike expenses.** Mr. Hoffman noted that H2O will be completing the paperwork for FEMA by the end of the month.

7. **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 on the GIS updates for Sanitary Sewer Repairs and noted that AECOM is coordinating with H2O to provide the updated files for review and comment. Mr. Sarman noted that AECOM has billed the District \$6,685.78 of the estimated \$8,000 for the project.

Mr. Sarman reported that H2O and AECOM 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 Mr. McShane recommended the following suggestions to assist with loss control efforts:

- Develop shop welding procedures for contract operations.
- Develop written backup generator vendor capability for the WWTP.
- Develop written agreements with sewer backup response contractors.

Director Struzick requested that Ms. Cogburn assist Mr. Hoffman with a letter response to Mr. McShane regarding the suggestions.

Mr. Sarman reported that AECOM had LBG-Guyton Associates ("LBG") review the assessment and video for the Water Well #2 Motor and that the assessment is attached to the Engineer's Report.

Mr. Sarman reported that LBG agrees that the well cleaning work recommended by Alsay is reasonable and should be performed regardless of the type of pumping equipment that is installed.

Mr. Sarman stated that if the District installs another submersible pump or a lineshaft pump, the following items need to be considered:

- Installation of a lineshaft pump will cost approximately \$43,868 more than a submersible pump.
- Submersible pumps typically have a shorter useful life than lineshaft pumps.
- The normal increased longevity for the lineshaft pumping equipment may be reduced slightly due to the large number of stages required, which results in more moving parts and components that can fail with use over time.
- Lineshaft wells are easier to operate and maintain.

Mr. Sarman noted that LBG included the following suggestions for the Board's consideration:

- Increasing the pump rate from 250 gpm to 300 gpm, both of which could be powered by the proposed 50 horsepower motor.
- Installing the pump bowl at 440 feet, rather than 420 feet.
- Checking the depth of the gravel in the well and more if necessary.
- Replacing the existing Subtrol unit (if a submersible motor is chosen) which monitors and protects the submersible motor as this could increase the manufacturer's warranty from one to three years.

Extensive discussion ensued regarding the type of motor options for the Water Well #2 Motor. The Board discussed repairing Water Well #1 and requested that AECOM provide clear recommendations to the Board for repairing or replacing the Water Well #2 motor. It was the consensus of the Board to authorize AECOM to evaluate options and other alternatives for repairing or replacing the Water Well #2 motor at a cost not to exceed \$5,000.

8. **Discuss update of website and preparation of newsletter.** There was no discussion.

9. **Report on Copperfield Joint Operations Board ("CJOB") meeting.** Director Struzick reported that CJOB switched energy providers from Reliant Energy to Direct Energy and that CJOB expects to save \$102,000 per year with the new electricity contract.

Director Struzick reported that CJOB discussions included purchasing a new generator for the waste water treatment plant. Director Struzick noted that H2O has experienced difficulties in renting generators during extreme weather events like Hurricane Ike and added that the H2O also experienced problems pulling the portable generator to all five lift stations during the hurricane. Director Struzick stated that AECOM provided cost estimates for both natural gas and diesel powered generators. Director Struzick stated that AECOM cost estimates ranged from \$500,000 to \$3,200,000 and that AECOM would provide revised cost estimates for review in December.

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)