

MINUTES OF MEETING OF BOARD OF DIRECTORS
December 19, 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 December 19, 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 November 21, 2008, previously distributed to the Board. 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 meeting of November 21, 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 November, 2008, a copy of which is attached hereto as Exhibit "B." Ms. Scott reported that the District has collected 6.857% of its 2008 taxes. 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. 1292 and 1293 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 November, 2008, a copy of which is attached hereto as Exhibit "C." Upon motion by Director Huhn, 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. 8021 through 8052 from the Operating Account to the persons, in the amounts, and for the purposes described in the Bookkeeper's Report.

4. **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 November the District pumped 4,062,000 gallons of water and purchased 4,513,000 gallons of water from the West Harris County Regional Water Authority and that the District has 14,418,200 gallons and zero months remaining on its Harris Galveston County Subsidence District ("HGCS D") permit. Mr. Hoffman stated that the water accountability for November was 116.5%. Mr. Hoffman stated that H2O is checking interconnect valves with neighboring districts to determine the cause of the high accountability.

Mr. Hoffman reviewed with the Board the Operations Report Summary. Mr. Hoffman reported on maintenance items and noted that the repair to Lift Pumps #1 and #2 are complete and the pumps are operational.

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

Mr. Hoffman reported that a new motor was installed for Booster Pump #2 and should be invoiced next month.

Mr. Hoffman reported that a large sinkhole developed next to Well #1 and that H2O grouted the inside of the 24-inch line because of various other utility lines in the area. Mr. Hoffman stated that the cost for televising and grouting was \$5,314.32. 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 approve the \$5,314.32 expenditure for televising and grouting the 24-inch line.

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

Mr. Hoffman reported that H2O performed annual maintenance and calibration of the chlorine analyzer at a cost of \$1,153.55.

Mr. Hoffman reported that H2O repaired a two-inch waterline inside the pump room and set up temporary controls during the line repair.

Mr. Hoffman noted that H2O filed the reimbursement request with FEMA.

Mr. Hoffman reviewed with the Board the Asset Evaluation Report, a copy of which is attached to the Operations Report. Director Moody requested that Mr. Hoffman prepare an executive summary of the critical items for the Board to review. Director Struzick suggested that Mr. Hoffman color-code the equipment in the report. Mr. Sarman stated that he could bring a larger map for the Board to review.

Mr. Hoffman reported that he would check into the status of the Water Smart Application.

5. **Discuss FEMA reimbursement of Hurricane Ike expenses and other FEMA programs.** This item was discussed in the Operations Report.

6. **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 AECOM is reviewing generator funding assistance and has identified a program called the Hazard Mitigation Program ("HMGP"). Mr. Sarman reported that the program provides grants to states and local governments to implement long-term hazard mitigation measures after a major disaster declaration. Mr. Sarman stated that a Notice of Intent ("NOI") form must be submitted to the State by January 9, 2009 to be entered into the system for consideration. If the NOI is accepted, Mr. Sarman reported that the applicant would prepare and submit a detailed application at that time. 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 authorize AECOM and H2O to prepare and submit the form on behalf of the District at a cost not to exceed \$2,000 and to authorize Director Struzick to oversee the form submission.

Mr. Sarman reported that AECOM has reviewed several options for addressing the grounded motor in Water Well #2 and future options for providing emergency water supply during power outages. Mr. Sarman stated that a summary of cost estimates are listed in the Engineer's Report which compare replacing the motor in Water Well #2 with a submersible pump or fitting the well with a lineshaft pump and upgrading the engine on Water Well #1 with a larger manual start engine. Mr. Hoffman reported that AECOM is awaiting information on the costs related to upgrading the engine on Water Well #1 with an automatic start engine. Mr. Hoffman reported that the insurance coverage is approximately \$30,000 for Water Well #1.

Mr. Sarman reported that AECOM recommends replacing the motor on Water Well #2 with a lineshaft pump because the lineshaft pump may provide better operations in the future since the motor will be able to be inspected, repaired, and/or replaced without pulling the column pipe and pump. Mr. Sarman stated that the lineshaft wells typically have a longer life expectancy than submersible wells.

Mr. Sarman recommended cleaning the well while the well is being worked on. Mr. Sarman stated that the cleaning would prevent water quality issues as a result of reduced usage of the well as the District receives more water from the West Harris County Regional Water Authority.

Mr. Sarman reported that AECOM recommends increasing the pump rate from 250 gallons per minute (“gpm”) to 300 gallons gpm.

Extensive discussion ensued regarding the type of motor options for Water Well #2 and the pros and cons of each option. No action was taken.

7. **Consider and approve payment of ACS Yield Restriction Initial Bond Review and engagement letter by ACS.** The Board reviewed the Arbitrage Rebate and Yield Restriction Compliance Service Program and summary, a copy of which is attached hereto as Exhibit “F.” Ms. Cogburn noted that ACS is requesting the Board’s authorization to perform the fifth year yield reduction payment report for Unlimited Tax Refunding Bonds, Series 2003 for \$1,650 and the fifth year arbitrage rebate report for Unlimited Tax Refunding Bonds, Series 2004 for \$2,950. 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 unanimously to approve payment of \$4,600 for the ACS Yield Restriction Initial Bond Review and to authorize execution of the engagement letter from ACS for Unlimited Tax Refunding Bonds, Series 2003 and Series 2004.

8. **Discuss update of website and preparation of newsletter.** The Board discussed newsletter articles.

9. **Report on Copperfield Joint Operations Board (“CJOB”) meeting.** Director Struzick reported that discussions included the sludge conveyor belt failure and repair and the belt press #2 upper belt replacement.

Director Struzick reported on the status of the operations building and noted that CJOB has discussed extending the existing building to encompass the bathroom and shower facilities.

Director Struzick reported that discussions to purchase a new generator for the waste water treatment plant are on hold until legislation is passed on the issue.

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

(DISTRICT SEAL)