

MINUTES OF MEETING OF BOARD OF DIRECTORS  
May 15, 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 May 15, 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 except Director Miller. 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 and Ms. Donice Hoffman of H2O Consulting ("H2O"), operators 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 April 17, 2009, previously distributed to the Board. Upon motion by Director Moody, seconded by Director Huhn, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the meeting of April 17, 2009, 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 ending April 30, 2009, a copy of which is attached hereto as Exhibit "B." Ms. Scott reported that the District has collected 97.5% of its 2008 taxes. Upon motion by Director Moody, seconded by Director Huhn, 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. 1303 through 1305 from the Tax Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

3. **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 April, 2009, the Investment Report and the budget for the fiscal year ending February 28, 2010, copies of which are attached hereto as Exhibit "C."

The Board discussed the FEMA reimbursement. Ms. Cogburn suggested that it is in the best interest of the District to separate each FEMA reimbursement between amounts for District facilities and amounts for CJOB facilities and to transfer the reimbursement relating to CFOB facilities into the CJOB operating account. 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. 8163 through 8190 from the Operating Account to the persons, in the amounts, and for the purposes described in the Bookkeeper's Report.

4. **Review Ethics Policy.** The Board discussed the Code of Ethics and decided to review the policy in more detail at the June meeting.

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 April, the District pumped 5,613,000 gallons of water and purchased 6,777,000 gallons of water from the WHCRWA and that the District has 146,171,000 gallons and seven months remaining on its Harris Galveston County Subsidence District permit. Mr. Hoffman stated that the water accountability for March was 94.2%.

Ms. Hoffman reviewed with the Board a summary of the communications between Mr. Erskin Hill and the H2O staff regarding Mr. Hill's water termination. Ms. Hoffman reported that Mr. Hill's water was terminated due to non-payment and that copies of the termination letter and correspondence are attached to the Operations Report. Ms. Hoffman stated that Mr. Hill became aggressive during a discussion with Mr. Hoffman at the H2O office and that Mr. Hoffman asked him to leave. Ms. Hoffman reported that she called the constable after Mr. Hill began shouting but that Mr. Hill had left before the constable arrived. Ms. Hoffman stated that Mr. Hill returned later in the day and paid H2O to reconnect his water. Discussion ensued. No action was taken.

Mr. Hoffman reported on maintenance items and noted that Alsay is working on the electrical work for well motor #2 and that it should be operational by the end of the month.

Mr. Hoffman reported that the keyway inside the booster pump #1 failed and caused the pump to run high amperages. Mr. Hoffman reported that the pump was pulled. Mr. Hoffman requested the Board's approval to repair the booster pump at an estimated cost of \$3,250. 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 repair booster pump #1 at an estimated cost of \$3,250.

Mr. Hoffman reported that the programmable logic controller ("PLC") is in the initial state of failure and recommended replacing the PLC sometime over the next year. Mr. Hoffman reported that NTS estimates the cost to replace the PLC at \$8,000. It was the consensus of the Board to discuss the PLC options at the June meeting.

Mr. Hoffman reported that the lift station cleaning is complete at a final cost of \$2,294.30.

Mr. Hoffman reported that the ground storage tank vents have been ordered at an estimated cost of \$12,000.

Mr. Hoffman reported that the lift station alarm system failed and recommended installing an automatic dialer at an estimated cost of \$3,400. 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 automatic alarm system dialer and the phone fees at an estimated cost of \$3,400.

Mr. Hoffman reported on water line repairs and noted that the water main break at Royal Gardens and Shangrila is complete at a final cost of \$19,825.97.

Mr. Hoffman reported that water quality information from Harris County Municipal Utility District No. 162 ("No. 162") and West Harris County Regional Water Authority ("WHCRWA") will be included in the District's Water Quality Report.

Mr. Hoffman reported that the most recent TCEQ testing for synthetic and organic chemicals in the District's water supply showed a trace of the pesticides atrazine and simazine. Mr. Hoffman reported that the TCEQ will monitor the system by collecting quarterly tests. Mr. Hoffman reported that he has reviewed the WHCRWA test and the water received from WHCRWA indicated a trace of atrazine and simazine. Mr. Hoffman stated that a copy of the TCEQ correspondence is attached to the Operations Report.

Mr. Hoffman reported that the generator options are attached to the Operations Report. Discussion ensued. Mr. Hoffman recommended that the Board approve the contingency standby rental for a 50 to 60 kw generator at a cost of \$375 per month for a six month contract (June through November). 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 NTS contingency standby rental for a 50 to 60 kw generator at a cost of \$375 per month for a six month contract (June through November).

Mr. Hoffman reported that on-line payments are being requested by residents in the District. It was the consensus of the Board to review the information regarding online payments at the next Board meeting.

Mr. Hoffman requested suggestions for the Newsletter articles.

**6. Approve Consumer Confidence Report.** Mr. Hoffman reported that the Water Quality Report is attached to the Operations Report and requested the Board's authorization to mail the report to residents, pending receipt of information from No. 162 and WHCRWA. Upon motion by Director Huhn, seconded by Director Moody, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Water Quality Report and to authorize H2O to mail the report to residents with the June water bills.

7. **Discuss purchasing a generator from Harris County Municipal Utility District No. 186.** Mr. Hoffman reported that H2O is waiting to receive the generator appraisal.

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 "E."

Mr. Sarman reported that AECOM and H2O have scheduled a time to receive and update the files on the new computer. Mr. Sarman stated that AECOM will go through the updates with Mr. Hoffman when the installation is complete.

Mr. Sarman reported that AECOM is continuing to monitor the proposed legislation regarding generator requirements and that several bills have been introduced. Mr. Sarman noted that Senate Bill 361 has not left the House of Representatives committee. Mr. Sarman stated that AECOM verified that the AWBD has been involved with the generator requirements and legislation.

Mr. Sarman stated that AECOM submitted the information forms on critical water and wastewater infrastructure for emergency management purposes to Camp, Dresser and McKee.

Mr. Sarman reported that the lift station generator cost estimates are attached to the Engineer's Report. Mr. Sarman stated that once the appraisal of No. 186's generator is received, AECOM will resubmit the estimates to the Board for comparison.

Mr. Sarman reported that he contacted Hartford Steam Boiler and Kim Courte of Highpoint Insurance to obtain the reason for the questionnaire. Mr. Sarman stated that Ms. Courte is investigating the questionnaire.

9. **Discuss update of website and preparation of newsletter.** Director Moody reported that he would like to manage the website and newsletter updates on behalf of the District and stated that he would notify Director Miller.

10. **Renew District Insurance.** Director Moody reviewed with the Board an insurance proposal spreadsheet, a copy of which is attached hereto as Exhibit "F." Director Moody stated that the spreadsheet includes proposals from Highpoint/WIN, Aquasurance and Anco McDonald Waterworks. Director Moody reported that he would contact the insurance representatives to obtain additional information on the proposals and would report his findings to the Board in June. No action was taken.

11. **Report on Copperfield Joint Operations Board ("CJOB") meeting.** Director Struzick reported that CJOB discussions included generator options and that CJOB decided to approve renting one standby contingency generator and renting a second generator whenever a hurricane entered the Gulf of Mexico. Director Struzick noted that CJOB discussed purchasing a transfer switch for the contingency generator rental and future generator purchase and requested that Mr. Sarman provide transfer switch costs for CJOB to review in June. Director Struzick stated that CJOB approved renewing insurance with WIN/Highpoint, pending the attorney's review and approval.

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)