

MINUTES OF MEETING OF BOARD OF DIRECTORS
January 15, 2010

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 January 15, 2010; 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; 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 minutes of the special meeting of December 10, 2009 and the regular meeting of December 18, 2009, previously distributed to the Board. 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 minutes of the special meeting of December 10, 2009 and the regular meeting of December 18, 2009, as presented.

2. **Engage auditor for the fiscal year ending February 28, 2011.**
This item was deferred.

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 December 31, 2009, a copy of which is attached hereto as Exhibit "B." Ms. Scott reported that the District has collected 70.80 % of its 2009 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. 1332 through 1334 from the Tax Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

4. **Adopt Order Authorizing Exemption from Taxation.** Ms. Cogburn stated that the District has not granted property tax exemptions in the past. No action was taken.

5. **Adopt Order Authorizing Additional Penalty on Delinquent Taxes Under Sections 33.07, 33.11 and 33.08, Tax Code.** 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 adopt the Resolution Authorizing Additional Penalty on Delinquent Taxes Under Sections 33.07, 33.11 and 33.08, Tax Code, a copy of which is attached hereto as Exhibit "C."

6. **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 December, 2009, the Investment Report, the budget for the fiscal year ending February 28, 2010 and the proposed budget for the fiscal year ending February 28, 2011, copies of which are attached hereto as Exhibit "D." Mr. Holland reported that the proposed budget was sent to the operator and engineer for review and comments. 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. 8425 through 8451 from the Operating Account to the persons, in the amounts, and for the purposes described in the Bookkeeper's Report.

7. **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 "E."

Mr. Hoffman reported on the Programmable Logic Controller ("PLC") options and noted that the Control Microsystems Scada Pack System has been ordered at an estimated cost of \$10,000.

Mr. Hoffman requested the Board's approval to repair the shaft, bearings, and centrifugal clutch seals on booster pump #1 at an estimated cost of \$2,898. Mr. Hoffman recommended repairing the pump with a pillow block to support the shaft (from the motor to the engine). Upon motion by Director Huhn, seconded by Director Miller, 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 \$2,898.

Mr. Hoffman reported that the NTS proposal for a 60 kw natural gas generator for the lift station is attached to the Operations Report. Mr. Hoffman reported that the estimated cost for material and labor for the generator is \$28,950. Director Moody reported that the prices for used generators in relation to the hours of usage are not good and suggested that the Board consider purchasing a new generator instead of a used generator. The Board indicated that the drop dead timeframe for making the decision to purchase either a new or used generator is late February. Mr. Hoffman and Mr. Sarman reviewed with the Board the site locations for the generator which are included in the Engineer's Report, a copy of which is attached hereto as Exhibit "F." Discussion ensued on obtaining two additional bids for generators.

Mr. Hoffman reported that as directed by the Board in December, H2O returned the letter and check for \$1,118.09 to CenterPoint and notified CenterPoint that the District expects payment in full for the damages.

Director Struzick requested that Mr. Hoffman prepare a letter (for Director Struzick to sign on behalf of the Board) to the West Harris County Regional Water Authority ("WHCRWA") requesting information on the repair schedule for the Royal Oaks repair to the WHCRWA line.

Mr. Hoffman reported that in December, the District pumped 4,525,300 gallons of water and purchased 3,911,000 gallons of water from the WHCRWA and that the District has 191,563,700 gallons and 11 months remaining on its Harris Galveston Subsidence District permit. Mr. Hoffman stated that the water accountability for December was 94.8%.

8. **Discuss generator options.** This item was discussed in the Operations Report.

9. **Engineer's Report.** Mr. Sarman reviewed with the Board the Engineer's Report. Mr. Sarman reported that the estimated cost to prepare the Emergency Preparedness Plan ("EPP") is \$1,200 and that the price includes one day of preparation and coordination with H2O.

10. **Discuss Conservation Committee Report.** Director Moody reviewed with the Board the Conservation Committee Goals and Ideas, the proposed water rate schedule and top nine water users, a copy of which is attached hereto as Exhibit "G". Director Moody reported that the committee is proposing to add a new rate to the regular and summer rates by adding an upper level to all users except the parks and recreational facility users. Director Moody requested that the Board consider amending the Rate Order in February to incorporate the new rate level. Director Struzick suggested that the Board defer adding the upper level until January 1, 2011. Discussion ensued.

11. **Discuss update of website and preparation of newsletter.** Director Moody reviewed with the Board his comments for reorganizing the website and two articles for the newsletter, copies of which are attached hereto as Exhibit "H".

12. **Adopt Order Calling Directors Election.** The Board discussed who might be available and willing to serve as election judges for the May 8, 2010 Directors Election. The Board discussed paying the election judges \$100 for reserving their time to serve as election judges in the event that the election is cancelled. Director Miller agreed to contact Kathleen Satterfield and Lorri Thompson to see if they would be willing to serve as the election judges.

13. **Approve Notice of Deadline to File Applications for Place on the Ballot.** Ms. Cogburn reported that the Notice of Deadline to File Applications for Place on the Ballot needs be approved for posting in the District. 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 Notice of Deadline to File Applications for Place on the Ballot, a copy of which is attached hereto as Exhibit "I."

14. **Report on Copperfield Joint Operations Board (“CJOB”) meeting.**
Director Struzick reported that CJOB approved the budget.

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 February 19, 2010.

President, Board of Directors

ATTEST:

Secretary, Board of Directors