

MINUTES OF MEETING OF BOARD OF DIRECTORS
February 19, 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 February 19, 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 except Directors Miller and McCavitt. 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.** The Board reviewed the special meeting notes of January 14, 2010. Consideration was given to the minutes of the regular meeting of January 15, 2010 previously distributed to the Board. Director Struzick requested that "Oaks" be changed to "Garden" in the sixth paragraph under the Operations Report. Director Struzick noted that he did not send the letter to the West Harris County Regional Water Authority ("WHCRWA") regarding the repair to the WHCRWA line because the repair was commencing. Upon motion by Director Huhn, seconded by Director Struzick, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the regular meeting of January 14, 2010, as presented.

2. **Engage auditor for the fiscal year ending February 28, 2010.** The Board reviewed the engagement letter from David L. Merritt, P.C., a copy of which is attached hereto as Exhibit "B." Discussion ensued regarding the auditing fee. The Board noted that the auditing fee, which is in the range of \$9,000 to \$9,500, has not increased since the last year. Upon motion by Director Struzick, seconded by Director Huhn, after full discussion and the question being put to the Board, the Board voted unanimously to engage David L. Merritt, P.C. to perform the audit for the fiscal year ending February 28, 2010 and to authorize execution of the auditor's engagement letter and the representation letter by the President on behalf of the

Board.

3. **Tax Assessor and Collector's Report.** Ms. Scott presented to and reviewed with the Board the Tax Assessor and Collector's Report for the month ending January 31, 2010, a copy of which is attached hereto as Exhibit "B." Ms. Scott reported that the District has collected 94.05% of its 2009 taxes. Upon motion by Director Struzick, 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 no. 1335 from the Tax Account in the amount, to the person, and for the purpose described in the Tax Assessor and Collector's Report.

4. **Review Bookkeeper's Report, Investment Report and authorize payment of bills.** Mr. Holland presented to and reviewed with the Board the Bookkeeper's Report, 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 "C." Upon motion by Director Struzick, seconded by Director Huhn, after full discussion and the question being put to the Board, the Board voted unanimously to approve paying the election judge, Kathleen Satterfield, \$150 for reserving her home for the election, to approve the Investment Report and the Bookkeeper's Report and to authorize payment of check nos. 8452 through 8478 from the Operating Account to the persons, in the amount, and for the purposes described in the Bookkeeper's Report.

5. **Adopt budget for the fiscal year ending February 28, 2011.** The Board discussed increasing the repairs and maintenance special expenses to \$15,000 for costs associated with the chlorine analyzer replacement, the tank and hydrotank inspections, and the investigation of WHCRWA levels. The Board discussed the increase in operator fees for administrative costs related to water conservation and the increase in legal fees for election costs. Upon motion by Director Struzick, seconded by Director Huhn, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the budget for the fiscal year ending February 28, 2011 with the discussed changes.

6. **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 "D."

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 reported that the booster pump #1 is still in the repair shop and noted that the pump should be repaired by the next meeting at an estimated cost of \$4,000.

Mr. Hoffman reported that the flow switch for the surface water line was replaced at a final cost of \$2,711.56.

Mr. Hoffman reported that the semi-annual lift station cleaning is complete at an estimated cost of \$2,000.

Mr. Hoffman reported that the valve stack at 16806 Elmwood Glen was replaced at a final cost of \$1,573.01.

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. Mr. Hoffman reported that H2O is still waiting on pricing from All Pump and Caldwell Electric for new generator pricing. Mr. Hoffman stated that he is also waiting on pricing for two used generators. The Board requested that this item be included on the special meeting agenda for March.

Mr. Hoffman reported that CenterPoint has not responded to H2O regarding the returned letter and check for \$1,118.09.

Mr. Hoffman reported that in January, the District pumped 4,602,000 gallons of water and purchased 4,054,000 gallons of water from the WHCRWA and that the District has 182,907,700 gallons and nine months remaining on its Harris Galveston Subsidence District permit. Mr. Hoffman stated that the water accountability for January was 92.9%.

Director Moody stated that the Water Accountability Chart on the Operations Report has been revised and extended to reflect the residential usage per capita per day and the demand per capita per day.

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

8. **Engineer's Report.** Mr. Sarman reviewed with the Board the Engineer's Report, a copy of which is attached hereto as Exhibit "F." Mr. Sarman reported that the Emergency Preparedness Plan ("EPP") was emailed to the Board for review and comment. Director Struzick requested feedback from Mr. Sarman regarding several items.

9. **Adopt EPP.** Upon motion by Director Struzick, seconded by Director Huhn, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the EPP.

10. **Discuss Conservation Committee Report.** Director Moody reviewed with the Board the Notes of the Water Conservation Committee Meeting of February 10, 2010, and the revised proposed water rate schedule, copies of which are attached hereto as Exhibit "G." Director Moody reported that the committee is proposing to include a 13-month water usage for each customer on the back of their individual water bill. Among other items, Director Moody stated that meeting discussions included a transition to exchange meters to a smart meter system when old meters need replacing and distributing Fix-A-Leak tablets for toilets to residents.

11. **Discuss Rate Order Amendments.** Director Moody discussed the water rate tier and noted that the revised water rate structure dropped a tier and added a top tier for water usage over 30,000 gallons. Director Moody proposed amending the Rate Order during the summer.

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

13. **Adopt Order Calling Directors Election.** The Board noted that Ms. Satterfield would be paid \$150 for reserving the use of her time and home for the Directors Election. 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 Order Calling Directors Election, a copy of which is attached hereto as Exhibit "I."

14. **Report on Copperfield Joint Operations Board ("CJOB") meeting.** Director Struzick reported that CJOB is scheduling the SWPPP annual inspection in March. Director Struzick reported that belt press number 2 is being overhauled at an estimated cost of \$48,000. Director Struzick stated that CJOB bought a 350 kw diesel generator and a 46 kw diesel generator and noted CJOB is seeking to purchase a 125 kw generator.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, the meeting was adjourned.

*

*

*

The foregoing minutes were passed and approved by the Board of Directors on
March 19, 2010.

President, Board of Directors

ATTEST:

Secretary, Board of Directors