

MINUTES OF MEETING OF BOARD OF DIRECTORS
April 16, 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 April 16, 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 Director Struzick. 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 regular meeting of March 19, 2010, previously distributed to the Board. Director McCavitt requested that 325,000 gallons be revised to 325,000,000 gallons in the first sentence of the ninth paragraph under the Operations Report. The Board reviewed the minutes of the special meeting of April 8, 2010, previously distributed to the Board. 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 minutes of the regular meeting of March 19, 2010, as revised and the minutes of the special meeting of April 8, 2010, as presented.

2. **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 March 31, 2010, a copy of which is attached hereto as Exhibit "B." Ms. Scott reported that the District has collected 96.99% of its 2009 taxes.

Upon motion by Director Miller, 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. 1340 through 1343 from the Tax

Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

3. **Approve Merchant Processing Agreement, Addendum to Merchant Processing Agreement and the Addendum to the Bob Leared Interests, Inc. Contract.** Ms Cogburn reviewed with the Board the Merchant Processing Agreement, Addendum to Merchant Processing Agreement and the Addendum to the Bob Leared Interests, Inc. Contract, copies of which are attached hereto as Exhibit "C." Ms. Cogburn stated that new legislation requires the District to offer the option of paying property taxes by electronic checks. Upon motion by Director Miller, seconded by Director Miller, after full discussion and the question being put to the Board, the Board voted unanimously to approve and authorize execution of the Merchant Processing Agreement, the Addendum to Merchant Processing Agreement and the Addendum to the Bob Leared Interests, Inc. Contract.

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 "D." In response to a question regarding the Libertad Bank certificate of deposit ("CD"), Mr. Holland responded that he would correct the CD maturity date on the Investment Report.

In response to a question by Mr. Holland, Director Moody stated that the Board approved spending \$6,850 for the sprinkler clocks in the District. Mr. Holland reported that he would verify the check amounts for the director's per diems. 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 Investment Report and the Bookkeeper's Report, as amended, and to authorize payment of check nos. 8508 through 8540 from the Operating Account to the persons, in the amounts, and for the purposes described in the Bookkeeper's Report.

5. **Review Operations Report and authorize necessary repairs.** The Vice 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 that the Programmable Logic Controller ("PLC") Scada System should be installed by the end of this month at an estimated cost of \$10,000.

Mr. Hoffman reported that the booster pump #1 is repaired and is operational at a final cost of \$3,385.23.

Mr. Hoffman reported that the booster pump engine clutch repair is proceeding at an estimated cost of \$1,800.

Mr. Hoffman reported that H2O replaced the surface water chlorine pump at a final cost of \$1,188.23.

Mr. Hoffman reported that H2O repaired an underground leak on the chlorine solution line to the surface water header at a final cost of \$1,258.52.

Mr. Hoffman reported that the 60 kw lift station generator is on order and that H2O placed the order with CenterPoint for the gas meter at an estimated total cost of \$35,000.

Mr. Hoffman requested the Board's approval of to paint all of the fire hydrants in the District (as included in the 2010 budget) at an estimated cost of \$4,500. Upon motion by Director Miller, seconded by Director McCavitt, after full discussion and the question being put to the Board, the Board voted unanimously to approve painting the District fire hydrants at an estimated cost of \$4,500.

Mr. Hoffman reported that H2O replaced a leaking fire hydrant at 16814 Elmwood Glen at an estimated cost of \$4,500. Mr. Hoffman stated that the hydrant at Park Falls and Royal Gardens developed a leak and was repaired at a final cost of \$1,678.66. Mr. Hoffman stated that the internal mechanism of the hydrant was replaced and the unit was put back into service. Mr. Hoffman reported that this hydrant is part of the maintenance agreement with Harris County Municipal Utility District No. 163 ("No. 163").

Mr. Hoffman reported that the Texas Commission on Environmental Quality ("TCEQ") concluded the comprehensive compliance investigation at 7621 Shangrila and noted no violations.

Mr. Hoffman reported that the District's annual water quality information was sent to No. 163 and a certification will be sent to the TCEQ prior to May 1, 2010. Mr. Hoffman stated that a copy of the correspondence is attached to the Operations Report. Mr. Hoffman noted that he requested that the operator from the WHCRWA physically disconnect the timer so that the District will be able to receive the required amount of water from the WHCRWA.

Mr. Hoffman reported that the WHCRWA notified the District by letter that it will begin providing 90% or more of the District's water, a copy of such letter is attached to the Operations Report.

Mr. Hoffman reported that the WHCRWA requested that the District complete the Texas Water Development Board survey so that the WHCRWA can submit a loan application for deferred funding on projects.

Mr. Hoffman reported that CenterPoint has not responded to his letter requesting payment in full for the damages in the District. The Board agreed to send a letter on District letterhead to CenterPoint.

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

7. **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 was submitted to the TCEQ in February and noted that AECOM has not yet received a response from the TCEQ.

Mr. Sarman reported that AECOM received a request for information from the District's insurer, Aquasurance and that AECOM will prepare the submittal next week. Mr. Hoffman requested that Mr. Sarman include the generator at the lift station in AECOM's response to Aquasurance.

8. **Discuss Conservation Committee Report.** Director Moody reviewed with the Board the discussions of the special meeting April 8, 2010. Director Moody stated that BLI is preparing graphics to depict customer water usage and average water usage for inclusion on the front page of customer water bills. Director Moody also reported on the lift station landscaping and specific committee assignments.

9. **Discuss Rate Order Amendments.** The Board reviewed the water rate structure (regular and proposed) and the residential rate comparison, copies of which are attached hereto as Exhibit "G." In response to a question from Director McCavitt, Mr. Hoffman estimated a 10% reduction in the yearly water revenue. Director Moody stated that the amendments will be proposed next month to be implemented for 2011 water rates.

10. **Discuss update of website and preparation of newsletter.** Director Moody reported that the electricity/energy report is available on the website.

11. **Discuss insurance renewal (July 15, 2010).** The Board requested that Ms. Green contact insurance providers to obtain insurance proposals for the Board to review and compare. The Board agreed that it does not want presentations by the insurance representative at its Board meeting.

12. **Report on Copperfield Joint Operations Board ("CJOB") meeting.** Director Moody reported that CJOB discussed the generator purchases and fuel storage tank options. Director Moody stated that CJOB approved leasing a 1,000 gallon emergency fuel tank until CJOB decides the size of tank to purchase for the districts which are interested in participating in the fuel storage program.

Director Moody stated that CJOB approved purchasing a spare process water pump at an estimated cost of \$6,500 and repairing the dechlorination analyzer at an estimated cost of \$4,250.

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 May 21, 2010.

President, Board of Directors

ATTEST:

Secretary, Board of Directors