

MINUTES OF MEETING OF BOARD OF DIRECTORS  
May 21, 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 May 21, 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. 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 April 16, 2010, 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 regular meeting of April 16, 2010, as presented.

2. **Presentation by Copperfield Coalition.** This item was deferred.

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 April 30, 2010, a copy of which is attached hereto as Exhibit "B." Ms. Scott reported that the District has collected 97.38% 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. 1344 and 1345 from the Tax Account in the amounts, to the persons, and for the purposes 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, and the budget for the fiscal year ending February 28, 2011, copies of which are attached hereto as Exhibit "C."

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. 8543 through 8574 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.** Mr. Hoffman 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 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 engine clutch repair is complete at a final cost of \$1,973.92.

Mr. Hoffman reported that the 60 kw lift station generator was shipped on May 18, 2010 and that all electrical lines and the gas meter tap are complete at a cost to date of \$2,550.31.

Mr. Hoffman reported that the lift pump #2 was pulled and the seals and bearings were repaired at a final cost of \$1,912.88.

Mr. Hoffman reported that H2O replaced a leaking fire hydrant at 16814 Elmwood Glen at a final cost of \$5,881.17.

Mr. Hoffman reported that the hydrant painting is proceeding at an estimated cost of \$4,500.

Mr. Hoffman reported that H2O has not obtained any feedback from the Texas Commission on Environmental Quality ("TCEQ") regarding the District's application for the Superior Water System. Mr. Hoffman reported that he would contact Barry Price, the local TCEQ representative, to check on the status.

Mr. Hoffman reported that a resident at 16622 Rainbow Lake had a pipe break repaired and is requesting permission to tie his rear drain piping into the District's sanitary sewer line on his side yard (to shorten the length of pipe). Mr. Hoffman stated that a copy of the request is attached to the Operations Report. Mr. Hoffman stated that the District does not have a sanitary sewer line on the side on the resident's side yard and noted that he would respond to the resident and the repairman.

Mr. Hoffman reported that a copy of the Southdown Home Owner's Association ("HOA") letter request to repair sidewalks is attached to the Operations Report. Mr. Hoffman

reported that the HOA believes the sidewalks may be damaged from the sewage system. Mr. Hoffman reported that he would notify the HOA that the sanitary sewer system is not associated with the damaged sidewalk locations.

Mr. Hoffman reported that a copy of the letter request on the water loss audit report requirement from the Texas Water Development Board is attached to the Operations Report.

6. **Approve Consumer Confidence Report.** Mr. Hoffman reviewed with the Board the Consumer Confidence Report, a copy of which is attached to the Operations Report. 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 Consumer Confidence Report, pending Board review.

7. **Review Red Flag Rules Policy.** Mr. Hoffman reported that a copy of the Annual Identity Theft Prevention Program Report is attached to the Operations Report. Mr. Hoffman recommended no changes.

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, a copy of which is attached hereto as Exhibit "E." Mr. Sarman reported that he contacted the TCEQ regarding the status of the Emergency Preparedness Plan ("EPP"). Mr. Sarman reported that the EPP reviewer from the TCEQ is requesting additional information regarding the motor on well #1. Mr. Sarman noted that the EPP reviewer is available to confirm questions prior to AECOM's response. Mr. Sarman reported that AECOM expects to receive the letter within the next two weeks and anticipates responding to the TCEQ before the June meeting.

Mr. Sarman reported that AECOM has updated all insurance information requests to include the details on the two portable generators and the trailer mounted fuel tank. Mr. Sarman added that as discussed at the CJOB meeting, the insurance does not cover underground piping. Mr. Sarman reported that AECOM's estimates assume replacement costs and include the piping costs. Mr. Sarman requested that the Board discuss whether the District should leave the piping estimate out of the insurance valuation. Mr. Sarman noted that he contacted the insurance companies to confirm their costs tabulations but has not yet received a response. In response to a question from Director Struzick, Mr. Sarman stated that he did not know the replacement value of the pipe, but would obtain that information. Director Struzick directed Mr. Sarman to obtain the values of the piping so that the values could be removed for applicable insurance estimates and to add the pipes to the GIS for the Plant. Mr. Sarman estimated that the cost to identify the underground pipes is approximately \$5,000. Upon motion by Director Miller, seconded by Director Moody, after full discussion and the question being put to the Board, the Board voted unanimously to authorize AECOM to identify the underground pipes and add the information to the GIS at an estimated cost of \$5,000 and to prepare a report of the identified pipes to submit to CJOB.

10. **Discuss Conservation Committee Report.** Director with the Board the Notes from the May 12, 2010 Conservation Committee Meeting Users Report, and the Monthly Water Billing Summary, copies of which are Exhibit "F." Director Moody stated that BLI prepared the graphics depicting the Water Billing Summary. The Board discussed the sizing of the graph and subdividing the graph into the yellow portion of the water bill so that the units of measure are more meaningful. Director Struzick requested that the graph include a footnote which states that the graph is an approximation.

11. **Consider Rate Order Amendments.** The Board reviewed the Residential Rate Comparison and Commercial Home Owner Association ("HOA") Rate Comparison, and the Chart/Graph of Per Capita Usage and 12 Month Averages, copies of which are attached hereto as Exhibit "G." Extensive discussion ensued. Director Moody stated that the amendments will be implemented January 2011. Director Struzick requested that Mr. Hoffman calculate the actual cost of water before the water rates are amended.

12. **Elect Officers.** 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 retain the current slate of officers.

13. **Review and authorize execution of the disclosure of director information.** 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 authorize execution of the disclosure of director information, *a copy of which is attached hereto as Exhibit "H"*

14. **Discuss update of website and preparation of newsletter.** Director Moody reported that the new water bill format would be included on the website in July.

15. **Discuss ethics policy.** Director Moody reported that he will review the Director's receipts from the AWBD Conference and forward the receipts to Mr. Holland. Director Moody stated that his receipts will be reviewed by Director Struzick before being forwarded to Mr. Holland.

16. **Discuss insurance renewal (July 15, 2010).** The proposals have not been reviewed. 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 authorize Director Moody to review the insurance proposals on behalf of the Board.

17. **Discuss June, 2010 meeting date.** The Board agreed to hold the June meeting on June 25, 2010.

18. **Report on Copperfield Joint Operations Board ("CJOB") meeting.** Director Struzick reported that CJOB discussed the generator purchases and fuel storage tank options. Director Struzick reported that CJOB is considering purchasing another generator before taking delivery of the generator from Kings Manor Municipal Utility District. Director Struzick reported that CJOB is leasing a 1,000 gallon diesel fuel tank.

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Director Moody requested Board approval to prepare a letter in response to CenterPoint's letter dated May 26, 2010, a copy of which is attached hereto as Exhibit "H." Upon motion by Director Struzick, seconded by Director McCavitt, after full discussion and the question being put to the Board, the Board voted unanimously to authorize Director Moody to prepare a letter response to CenterPoint regarding the claim for damages.

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 June 25, 2010.

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President, Board of Directors

ATTEST:

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Secretary, Board of Directors

# FULBRIGHT & JAWORSKI L.L.P.

A REGISTERED LIMITED LIABILITY PARTNERSHIP

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May 21, 2010

Board of Directors  
Harris County Municipal Utility District No. 208  
c/o Fulbright & Jaworski L.L.P.  
1301 McKinney, Suite 5100  
Houston, Texas 77010-3095

Re: Harris County Municipal Utility District No. 208

Ladies and Gentleman:

In accordance with Section 552.024 Texas Government Code, as amended, the undersigned directors hereby elect not to disclose to the general public their home address, home telephone number(s), social security number, and/or information that reveals whether they have family members.

Very truly yours,

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Gary Struzick, \_\_\_\_\_

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Jon Moody, \_\_\_\_\_

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Richard Huhn, \_\_\_\_\_

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Brock Miller, \_\_\_\_\_

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Bob McCavitt, \_\_\_\_\_