

MINUTES OF MEETING OF BOARD OF DIRECTORS
June 25, 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 special session, open to the public, at the offices of Fulbright & Jaworski L.L.P., 1301 McKinney Street, Houston, Texas, at 11:00 a.m. on June 25, 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 Miller. Also attending all or parts of the meeting were Mr. Larry Mueller 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; Mr. David L. Merritt, P.C., auditor for the District; Mr. Rick Scialdone and Ms. Jan Perino of the Copperfield Coalition ("CC"); 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. **Presentation by Copperfield Coalition.** The President recognized Ms. Perino and Mr. Scialdone, who reviewed with the Board the CC initiative to fund a flooding survey of the Copperfield Community Association ("CCA") subdivision areas. Mr. Scialdone stated that the survey will be conducted by LJA Engineering, Inc. Mr. Scialdone noted that the CC is requesting that the funding be shared by the six municipal utility districts ("MUDs") which comprise the subdivisions of the CCA. Mr. Scialdone suggested that funding of the survey by the MUDs be pro rata based on the number of freshwater connections. Mr. Scialdone noted that the survey would provide a benchmark of the capacity of the drainage structure and stressed the importance of obtaining the benchmark now. In response to a question from Director Struzick, Ms. Perino stated that although the presentation was heard by representatives of all of the MUDs, a firm commitment to participate in the study has not been received from any of the MUDs. Director Struzick stated that he is personally supportive of the study, but noted that the Board would also need to be in favor of the study before the District would approve participation. Director Struzick added that he would only support participation by the District if the CC obtained the support of all of the MUDs.

Director Struzick explained that since the roads and drainage have been accepted by Harris County (the "County") for maintenance, the District would only be interested in

participating in the survey if the County shared in a portion of the cost. Extensive discussion ensued regarding the ownership and maintenance of the storm sewers. Director Struzick stated that the CC needs to identify the ownership of the storm sewers and streets up front before the survey is conducted. 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 support the concept of the drainage study, contingent upon identifying the ownership/maintenance of the storm sewers and the participation in the study by the County and all of the MUDs.

Director Struzick requested that F&J prepare an email or letter to the CC which acknowledges the verbal support of the survey based on the approved motion.

2. Report on Copperfield Joint Operations Board (“CJOB”) meeting.

Director Struzick reported that CJOB approved the audit and discussed the storage and distribution of diesel fuel for use in the emergency generators. Director Struzick reported that CJOB purchased a 125 kw generator. Director Struzick reported that the biomonitoring tests were performed and that approval of the insurance proposal was deferred.

3. Renew Insurance.

The Board reviewed the proposals from Anco McDonald Waterworks Insurance, Aquasurance, LLC and Highpoint Insurance Group, LLC., copies of which are attached hereto as Exhibit “B.” Director Moody recommended that the Board approve the insurance proposal from Aquasurance, LLC at a cost of \$36,894. 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 Aquasurance, LLC proposal at a cost of \$36,894.

4. Tax Assessor and Collector’s Report.

Director Moody reviewed with the Board the Tax Assessor and Collector’s Report for the month ending May 31, 2010 and the report summary, copies of which are attached hereto as Exhibit “C.” Director Moody reported that the District has collected 98.1% of its 2009 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. 1346 through 1351 from the Tax Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector’s Report.

5. 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 “D.”

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 Investment Report and the Bookkeeper’s Report, as amended, and to authorize payment of check nos. 8575 through 8603 from the Operating Account to the persons, in the amounts, and for the purposes described in the Bookkeeper’s Report.

Director McCavitt arrived at this time.

6. **Approve audit for the fiscal year ending February 28, 2010.** The President recognized Mr. Merritt, who presented to and reviewed with the Board a draft of the audit for the fiscal year ending February 28, 2010 and the management representation letter, copies of which are attached hereto as Exhibit "E." 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 audit for the fiscal year ending February 28, 2010.

Director Struzick left the meeting at this time.

7. **Minutes.** Consideration was given to the minutes of the regular meeting of May 21, 2010, previously distributed to the Board. 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 minutes of the regular meeting of May 21, 2010, as presented.

8. **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 "F."

Mr. Hoffman reported that H2O is still waiting on the Programmable Logic Controller ("PLC") Scada System installation at an estimated cost of \$10,000.

Mr. Hoffman reported that the surge and lightning arrestors failed at the water plant and were replaced with new surge and lightning arrestors at a final cost of \$2,551.50.

Mr. Hoffman reported that the 60 kw natural gas generator has been installed and tested at a cost to date of \$31,500.31.

Mr. Hoffman reported that lift pump #2 failed and a repair estimate from NTS is attached to the Operations Report. Mr. Hoffman recommended that the Board repair the pump at a cost of \$3,225. 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 repair the pump at a cost of \$3,225.

Mr. Hoffman reported that the hydrant painting is complete at a final cost of \$4,133.81.

Mr. Hoffman reviewed with the Board a letter from the Southdown Village Community Association requesting that the District repair sidewalks in the District that might be damaged as a result of the sanitary sewers, a copy of which letter is attached to the Operations Report. Mr. Hoffman stated that none of the sidewalks listed in the letter are located in areas near the District's sanitary sewers.

Mr. Hoffman reviewed the letter from CenterPoint Energy regarding the \$2,236.20 final settlement offer to reimburse costs to a damaged water line, a copy of which is attached to the Operations Report. It was the consensus of the Board to accept the final settlement offer from CenterPoint Energy.

9. **Engineer's Report.** Mr. Mueller reviewed with the Board the Engineer's Report, a copy of which is attached hereto as Exhibit "G." Mr. Mueller reported that AECOM prepared and submitted a letter in response to the TCEQ's request for more information on the Emergency Preparedness Plan ("EPP"), a copy of which is attached to the Engineer's Report. Mr. Mueller reported that AECOM included an additional note indicating that the generator provides power to the WHCRWA's control panel.

Mr. Mueller reported that as requested last month, AECOM has removed the cost estimates for the underground piping for three facilities from the insurance proposal requests. Mr. Mueller reported that the information was submitted to the three insurance agencies. Mr. Mueller reported that underground piping estimates were based on installed costs.

10. **Discuss Conservation Committee Report.** Director Moody reviewed with the Board the Monthly Water Billing Summary graphics, a copy of which is attached hereto as Exhibit "H." Director Moody stated that light area of the graphics is more accurate; therefore, the resident billing average is depicted in the white portion of the graphics.

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 "I." Director Moody stated that the Rate Order Amendments need to be prepared for the Home Owner Associations to review in July. Action on this item was deferred.

12. **Review Investment Policy and accept related party disclosures.** The Board reviewed the Resolution Reviewing Investment Policy, a copy of which is attached hereto as Exhibit "J." Upon motion made 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 Resolution Reviewing Investment Policy and to accept the related party disclosures from the bookkeeper and investment officer.

13. **Approve Water Wise Interlocal Agreement for 2010.** The Board reviewed the Water Wise Interlocal Agreement, a copy of which is attached hereto as Exhibit "K." 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 and authorize execution of the Water Wise Interlocal Agreement for 2010.

14. **Discuss update of website and preparation of newsletter.** Director Moody reported that he would prepare an article regarding the new credit card payment options and the water bill graphics.

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 July 16, 2010.

President, Board of Directors

ATTEST:

Secretary, Board of Directors