

MINUTES OF MEETING OF BOARD OF DIRECTORS
June 26, 2009

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 noon on June 26, 2009; 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 Huhn. 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; Mr. David L. Merritt, P.C., auditor 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. **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 May 31, 2009, the top 40 delinquent taxpayers, and a letter from Jonie Moore, copies of which are attached hereto as Exhibit "B." Ms. Scott reported that the District has collected 97.91% of its 2008 taxes. Ms. Scott stated that Ms. Moore is requesting that the Board waive the penalty and interest ("P&I") on her late tax payment. Ms. Cogburn reported that the District has no legal basis to waive the P&I. Upon motion by Director Moody, seconded by Director Miller, after full discussion and the question being put to the Board, the Board voted unanimously not to waive the P&I on Ms. Moore's account. Upon motion by Director McCavitt, 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. 1306 through 1310 from the Tax Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report

2. **Approve audit for the fiscal year ended February 28, 2009.** 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, 2009, a copy of which is attached hereto as Exhibit

“C.” Director Moody requested that the supplemental information be revised to include the summer water rates. Upon motion by Director Moody, seconded by Director McCavitt, after full discussion and the question being put to the Board, the Board approved the audit for the fiscal year ending February 28, 2009.

3. **Minutes.** Consideration was given to the approval of the minutes of the meeting of May 15, 2009, previously distributed to the Board. 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 minutes of the meeting of May 15, 2009, as presented.

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 for May, 2009, the Investment Report and the budget for the fiscal year ending February 28, 2010, copies of which are attached hereto as Exhibit “D.”

Mr. Holland thanked Mr. Hoffman for his assistance with the FEMA reimbursement distribution to CJOB. The Board requested that Mr. Hoffman and Mr. Sarman review the Alsay, Inc. invoice totaling \$63,534 for the well motor repair. Upon motion by Director McCavitt, seconded by Director Miller, 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. 8191 through 8226 from the Operating Account to the persons, in the amounts, and for the purposes described in the Bookkeeper’s Report.

5. **Consider and approve Addendum to Bookkeeper’s Contract.** 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 the Addendum to the Bookkeeper’s Contract.

6. **Review Investment Policy and accept related party disclosures.** The Board reviewed the Investment Policy. Ms. Cogburn reported that there were no recommended changes to the Investment Policy. 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 related party disclosures from the investment officer and the bookkeeper.

7. **Review Ethics Policy.** The Board reviewed the Ethics Policy. No action was taken.

8. **Approve Interlocal Agreement with Harris Galveston Subsidence District (“HGSD”) for 2009/2010 Water Wise sponsorship program.** The Board reviewed the Interlocal Agreement with HGSD. The Board asked what happens if a school does not participate in the Water Wise sponsorship program. Ms. Green stated that she would contact Susan Brown at HGSD regarding the groundwater credits and Water Wise sponsorship by Fiest and Lowery Elementary Schools. This item was deferred.

9. **Operations Report.** 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 that in May, the District pumped 8,312,100 gallons of water and purchased 9,941,000 gallons of water from the WHCRWA and that the District has 127,918,000 gallons and six months remaining on its HGSD permit. Mr. Hoffman stated that the water accountability for May was 92%.

Mr. Hoffman reported on maintenance items and noted that well motor #2 is operational and that the repair has been submitted to insurance.

Mr. Hoffman reported that the booster pump #1 repair is complete and the pump is operational at a final cost of \$3,265.32.

Mr. Hoffman reported that the programmable logic controller ("PLC") at the water plant is in the initial state of failure and recommended replacing the PLC with the unit proposed by NTS. Mr. Hoffman reported that the estimated cost of the NTS unit is \$8,500 and the unit is expandable for future scada control. In response to a question from Director McCavitt, Mr. Hoffman responded that the old PLC unit from General Electric is obsolete and that the new PLC models include additional technology features. Mr. Hoffman reported that two to three different models of PLCs are on the market.

Director Struzick left the meeting at this time.

Director Moody requested that Mr. Hoffman obtain prices on the different types of PLCs for the Board to review in July.

Mr. Hoffman reported that the lift station cleaning is complete at a final cost of \$2,294.30.

Mr. Hoffman reported that the ground storage tank vents have been ordered at an estimated cost of \$12,000.

Mr. Hoffman reported that the starter for well #1 failed and that a new soft start was installed following emergency approval by Director Struzick. Mr. Hoffman stated that the estimated cost of the well #1 starter is \$14,000.

Mr. Hoffman reported that the two-inch pressure sensor line developed two leaks in one day. Mr. Hoffman noted that following inspection, H2O decided to replace the 20-year old galvanized pipe with C-9 pipe at a final cost of \$2,995.14. In response to a question from Director Moody, Mr. Hoffman reported that asbestos disposal does not create problems unless the asbestos becomes airborne.

Mr. Hoffman reported that H2O installed safety bollards (posts) around critical piping.

Mr. Hoffman reported that the automatic dialer for the lift station has been ordered at an estimated cost of \$3,400.

Mr. Hoffman reported on water line repairs and noted that the estimated cost for the repaired water main break at Hickory Point at Lakeview Haven is \$2,500.

Mr. Hoffman reported that H2O repaired and cleared a partial stoppage in a sewer line at 7514 Bluebonnet Run at a final cost of \$2,467.02.

Mr. Hoffman reported that the West Harris County Regional Water Authority (“WHCRWA”) notified the District by letter that it would be reducing the rate of flow of surface water to the District. The WHCRWA requested that the District ensure that their wells are operational and controls set if the WHCRWA decreases the delivery rate to the District. Mr. Hoffman stated that a copy of the letter is attached to the Operations Report.

Mr. Hoffman reported that he expects to have additional information regarding online payment options for the Board to review in July.

Mr. Hoffman requested suggestions for the Newsletter articles.

10. **Consider and approve PLC options.** This item was discussed in the Operations Report.

11. **Discuss purchasing a generator from Harris County Municipal Utility District No. 186 (“No. 186”).** Mr. Hoffman reported that No. 186 may not sell the generator at this time. No action was taken. The Board discussed the well time operation and requested that Mr. Hoffman notify the Board if the static level on the well drops considerably.

12. **Approve Five-Year Forecast of Copperfield Joint Operations Board (“CJOB”) critical repairs.** Mr. Hoffman reported that CJOB approved the Five-Year Forecast of CJOB critical repairs. Mr. Hoffman stated that the capital project critical repair items are broken out according to pro-rata share ownership. Mr. Sarman reported that the Senate Bill 361 regarding generator requirements does not affect the Waste Water Treatment Plant (the “Plant”).

13. **Engineer’s Report.** The Vice President recognized Mr. Sarman, who presented to and reviewed with the Board the Engineer’s Report, a copy of which is attached hereto as Exhibit “F.”

Mr. Sarman reported that AECOM has updated the GIS files on the new computer for H2O. Mr. Sarman stated that AECOM incorporated the new aerial photos and new parcel data as requested by Director Struzick. Mr. Sarman stated that he would update the District map and add it to the GIS files.

Mr. Sarman reported that the lift station generator cost estimates are attached to the Engineer’s Report. Mr. Sarman stated that the estimated cost of a 60 kw generator is between \$35,000 and \$40,000.

14. **Discuss update of website and preparation of newsletter.** Director Moody reported that he would begin working on the website and newsletter updates this month.

15. **Renew District Insurance.** Director Moody reviewed with the Board an insurance proposal spreadsheet, a copy of which is attached hereto as Exhibit “G.” Director Moody stated that the spreadsheet includes proposals from Highpoint/WIN, Aquasurance and Anco McDonald Waterworks. Director Moody reported that he contacted the insurance

representatives to obtain additional information on the proposals and noted that Aquasurance has agreed to provide a \$5,000,000 limit on flood insurance to the District at no additional charge. Director Moody recommended that the Board accept the Aquasurance proposal at \$29,514. 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 the Aquasurance insurance proposal at \$29,514.

16. **Indemnification of Directors.** Ms. Cogburn stated that to the extent that the directors and officer's insurance policy does not cover losses of directors carrying out the lawful business and duties of the Board in good faith, the Board can indemnify the directors for losses. Upon motion by Director McCavitt, seconded by Director Miller, after full discussion and the question being put to the Board, the Board voted unanimously to approve the indemnification of directors for losses arising from the directors carrying out their lawful duty, to the extent that such losses are not otherwise covered by insurance.

17. **Report on Copperfield Joint Operations Board ("CJOB") meeting.** Mr. Sarman reported that CJOB discussions included generator options and that CJOB decided to consider purchasing two smaller generators instead of one large generator. Mr. Hoffman reported that the Plant failed the quarterly biomonitoring test on fat-head minnow survival. Mr. Hoffman stated that CJOB is required to repeat the test in June and July and noted that if either test fails, CJOB would be required to conduct toxicity reduction evaluations.

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

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)