

MINUTES OF MEETING OF BOARD OF DIRECTORS
December 18, 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 regular session, open to the public, at the offices of Fulbright & Jaworski L.L.P., 1301 McKinney Street, Houston, Texas, at noon on December 18, 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. 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. Charles Ledeigh 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 November 20, 2009 and the special meeting of November 12, 2009, 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 November 20, 2010 and the special meeting of November 12, 2010, as presented.

2. **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 November 30, 2009, a copy of which IS attached hereto as Exhibit "B." Ms. Scott reported that the District has collected 99.28% of its 2008 taxes. Ms. Scott reviewed page seven (an addition to the report). 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 Tax Assessor and Collector's Report and to authorize payment of check nos. 1329 through 1331 from the Tax Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

3. **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 November, 2009, 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." Mr. Holland reported that the proposed budget was sent to the operator and engineer for review and requested that the Board review the budget and provide comments for approval at the February meeting. Mr. Holland reported that MCI deposited \$2,113.35 in the District's account for Hurricane Ike relief and noted that 58.5% of the money is attributable to the sewage treatment plant and would be transferred to the Copperfield Joint Operations Board ("CJOB"). 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. 8395 through 8423 from the Operating Account to the persons, in the amounts, and for the purposes described in the Bookkeeper's Report.

4. **Review Operations Report and authorize necessary repairs.** The President recognized Mr. Ledeigh, 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. Ledeigh reported on the Programmable Logic Controller ("PLC") options and recommended approval of the Phase I installation of the Control Microsystems Scada Pack as outlined in the NTS proposal, a copy of which is attached to the Operation Report. Mr. Ledeigh reported that the estimated cost of the installation (in addition to the shut-down, electrical wiring and manual maintenance of the pump during installation) is \$10,000. 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 approve the Phase I installation of the Control Microsystems Scada Pack at an estimated cost of \$10,000.

Mr. Ledeigh reported that the Phase 2 installation (to add additional monitoring of the system through a central computer) is estimated to cost \$10,000 and the Phase 3 installation of a radio signal feed to connect the lift station controls for monitoring the program is estimated to cost \$10,000. Mr. Ledeigh recommended adding Phase 2 and Phase 3 to the PLC system over the next two to five years.

Mr. Ledeigh reported the NTS proposal for a 60 kw natural gas generator is attached to the Operations Report. Mr. Ledeigh reported that the estimated cost for material and labor for the generator is \$28,950. In response to a question, Mr. Ledeigh reported that the new generator estimate has been provided to the Board as a benchmark for reviewing prices on used generators.

Mr. Ledeigh reviewed the CenterPoint Energy ("CenterPoint") letter, a copy of which is attached to the Operations Report. Discussion ensued regarding accepting CenterPoint's payment of \$1,118.09 for its \$4,472,39 in water line damages. Ms. Cogburn suggested that Mr. Hoffman return the check to CenterPoint along with a written demand for full payment of the damages.

Mr. Ledeigh reported that in November, the District pumped 5,949,000 gallons of water and purchased 3,969,000 gallons of water from the West Harris County Regional Water Authority ("WHCRWA") and that the District has 16,736,200 gallons and zero months remaining on its Harris Galveston Subsidence District permit. Mr. Ledeigh stated that the water accountability for November was 94.8%. In response to a question from Director Moody, Mr. Ledeigh reported that he would investigate the District's status of either receiving more water from the WHCRWA or rebuilding the water well.

5. **Consider and approve Programmable Logic Controller options.** This item was discussed in the Operations Report.

6. **Discuss generator options.** See item 7.

7. **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 the lift station site plan is included in the report for the Board to review possible generator locations. Extensive discussion ensued on the generator placement and the easements and permits associated the placement. Director Moody requested that AECOM provide proposals regarding the placement of the generator(s).

Mr. Sarman reported that in connection with Senate Bill 361, the TCEQ has finalized implementation of the rules and template for the Emergency Preparedness Plan ("EPP"). Mr. Sarman noted that the deadline for submission of the EPP to the TCEQ is March 1, 2010. Mr. Sarman reported that most of the information for the EPP has been previously gathered for inclusion in the Harris County Critical Infrastructure submission. Mr. Sarman reported that AECOM will coordinate with H2O to prepare the EPP.

8. **Discuss Conservation Committee Report.** Director Moody reviewed with the Board the Conservation Committee meeting discussions from December 10, 2009. Director Moody stated that all members of the Board and Mr. Hoffman attended the meeting and that the A4WE model was presented. Director Moody stated that Board questioned issues regarding the data. Director Moody volunteered to contact representatives from A4WE to obtain clarification of the entries on behalf of the Board.

Director Moody stated that Mr. Hoffman provided the Board the follow-up data on usage for the top 10 customer user letter.

Director Moody discussed the need for the District to add another rate tier for customers who use more than 35,000 gallons of water to the Rate Order. Discussion ensued regarding the need to review and monitor the irrigation usage of the Southcreek HOA ("HOA"). Director McCavitt noted that he would request that the HOA provide the Board documentation of its water savings.

9. **Discuss update of website and preparation of newsletter.** Director Moody reported that he would like to redesign the website and noted that he would contact the website manager. Director Moody stated that he would prepare the newsletter next month.

10. Report on Copperfield Joint Operations Board ("CJOB") meeting.

Director Struzick reported that Bert Keller, a representative of Acclaim Energy, attended the CJOB meeting and provided new reduced energy rates for CJOB. Director Struzick reported that a new two-year contract was approved by CJOB.

Director Struzick reported that CJOB authorized Chuck Hadley as the point person and himself as the backup person for selecting and approving the purchase of a used generator on behalf of CJOB.

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 January 15, 2009.

President, Board of Directors

ATTEST:

Secretary, Board of Directors