

MINUTES OF MEETING OF BOARD OF DIRECTORS
March 28, 2008

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 March 28, 2008; 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. Director Moody entered the meeting in progress. Also attending all or part of the meeting were Ms. Kristen Scott of Bob Leared Interests ("BLI"), tax assessor and collector for the District; Mr. Tony Sarman of TCB, Inc. ("TCB"), engineers for the District; Mr. Chris Hoffman of H2O Consulting ("H2O"), operator 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. **Minutes.** Consideration was given to the approval of the minutes of the meeting of February 15, 2008, 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 meeting of February 15, 2008, 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 of February, a copy of which is attached hereto as Exhibit "B." Ms. Scott reported that the District has collected 96.016% of its 2007 taxes. 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 accept the Tax Assessor and Collector's Report and to authorize payment of check nos. 1260 through 1263 from the Tax Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

3. **Bookkeeper's Report.** The President recognized Mr. Holland, who presented to and reviewed with the Board the Bookkeeper's Report, a copy of which is attached

hereto as Exhibit "C." 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 Investment Report and the Bookkeeper's Report, and to authorize payment of check nos. 7765 through 7789 from the Operating Account to the persons, in the amounts, and for the purposes described in the Bookkeeper's Report.

4. **Discuss and approve the audit control and risk assessment questionnaire.** Mr. Merritt presented to the Board a questionnaire regarding the District's Control Environment and Risk Assessment, a copy of which is attached hereto as Exhibit "D." Mr. Merritt requested that the Board review the assessment and contact him regarding any issues of concern. The Board agreed to defer approval of the assessment until the next meeting.

5. **Discuss arbitrage compliance and engage consultant.** Ms. Cogburn reviewed with the Board the Arbitrage Compliance Specialists, Inc. ("ACI") engagement letter, a copy of which is attached hereto as Exhibit "E." Ms. Cogburn recommended that the District hire an expert like ACI to confirm that the District is complying with all of the arbitrage related covenants it made in connection with the issuance of its bonds. 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 engage ACI at an estimated cost of \$5,000.

6. **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 "F." Mr. Hoffman reported that in February the District pumped 4,956,000 gallons of water and purchased 3,924,000 gallons of water from the West Harris County Regional Water Authority ("WHCRWA") and that the District has 151,701,200 gallons and nine months remaining on its Harris Galveston County Subsidence District ("HGCSA") permit.

Mr. Hoffman reviewed with the Board the report summary. Mr. Hoffman reported on maintenance items and requested the Board's approval for the semi-annual lift station cleaning at an estimated cost of \$2,000. 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 semi-annual lift station cleaning at an estimated cost of \$2,000.

Mr. Hoffman reported on the Superior Water System Application and noted that the District's inspection is not on the schedule through August 2008.

Mr. Hoffman reviewed with the Board the District newsletter, a copy of which is attached to the Operations Report. Discussion ensued regarding the blend of surface water and ground water and the rate structures for each.

7. **Discuss and authorize implementation of summer water rates.** Mr. Hoffman reviewed with the Board the District's water rate analysis, a copy of which is attached hereto as Exhibit "G." Extensive discussion ensued. 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 implement the summer water rate schedule.

The Board requested that Mr. Hoffman revise the newsletter by replacing the notice of water rate increases from the WHCRWA with the notice of the District's implementation of the summer water rates.

Director Moody entered the meeting at this time.

8. **Engineer's Report.** The 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 "H." Mr. Sarman stated that TCB is coordinating with H2O for review of the GIS map file. Mr. Sarman noted that TCB will address H2O's comments upon receipt.

Mr. Sarman reported that TCB has reviewed the Phase 12 sanitary sewer videos and has attached the summary to the Engineer's Report. In response to a question from Director Struzick, Mr. Sarman stated that the sewer repairs have not been added to the GIS map file. Mr. Hoffman stated that adding the information to the GIS map updates would be helpful from an operations standpoint. Director Struzick requested that TCB prepare a proposal to add 1, 2, and 3 repairs to the GIS maps. Mr. Sarman noted that two sections of line have not been televised, but would be put on the schedule for televising.

9. **Cancel Directors Election.** Ms. Green reported that the District did not receive more applications for a place on the ballot than positions available for the Directors Election. Ms. Cogburn stated that the Department of Justice notified F&J that the District will not need to provide the department the name of a Hispanic voter if the election is cancelled. 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 compensate Ms. Satterfield \$150 for committing her time as an election judge and to adopt the Order Declaring Unopposed Candidates Elected to Office, a copy of which is attached hereto as Exhibit "I."

10. **Discuss update of website and preparation of newsletter.** This item was discussed in the Operations Report.

11. **Report on Copperfield Joint Operations Board ("CJOB") meeting.** Director Struzick reported that the CJOB reviewed the four most critical assets for repair or replacement at the sewage treatment plant. Director Struzick reported that the board approved a one-year electric contract with Legacy.

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)