

MINUTES OF MEETING OF BOARD OF DIRECTORS
April 18, 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 regular session, open to the public, at the offices of Fulbright & Jaworski L.L.P., 1301 McKinney Street, Houston, Texas, at noon on April 18, 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 except Directors Moody and Miller. 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 and Mr. Steve Webb of H2O Consulting ("H2O"), operator for the District; Mr. Terry Holland of Myrtle Cruz, Inc., bookkeeper for the District; Ms. Renee Miller of Legacy Energy Solutions; 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 March 28, 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 March 28, 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 March, a copy of which is attached hereto as Exhibit "B." Ms. Scott reported that the District has collected 97.082% of its 2007 taxes. 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 accept the Tax Assessor and Collector's Report and to authorize payment of check nos. 1264 through 1267 from the Tax Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

3. **Consider and approve participation in the Demand Response Program for electricity.** The President recognized Ms. Miller, who presented to and reviewed

with the Board the Demand Response Program, a copy of which is attached hereto as Exhibit "C." Ms. Miller explained that the Program was developed as a result of recent rulings by the Public Utility Commission ("PUC") that caused CenterPoint Energy ("CPN") to offer incentives for curtailment of load during periods of stress on the grid. Ms. Miller stated that participants pledge to curtail agreed-upon loads for a maximum of 17 hours in up to five events to help guarantee grid integrity during ERCOT emergencies. During participation, the District would be given 45 minutes advance notice to shut down electricity and operate on generator power. Ms. Miller noted that the pledge includes one scheduled curtailment of a one hour duration, plus a maximum of four unscheduled curtailments of one to four hours each during each year of participation. Ms. Miller stated that incentive payments are up to \$16 per kW per year if the participants obligations are met. Ms. Miller reported that monitoring and verification is performed by CPN and is confirmed by Legacy. Ms. Miller noted that participation in the Program requires a Interval Data Recorder ("IDR") for recording the meter readings. Discussion ensued. Upon motion by Director Struzick, seconded by Director McCavitt, after full discussion and the question being sent to the Board, the Board voted unanimously to approve participation in the program contingent upon the attorney's review of the Demand Response Agreement and to authorize Mr. Hoffman to execute the paperwork to install the IDR meter on behalf of the District.

4. **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 "D." 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, and to authorize payment of check nos. 7794 through 7820 from the Operating Account to the persons, in the amounts, and for the purposes described in the Bookkeeper's Report.

5. **Discuss and approve the audit control and risk assessment questionnaire.** 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 audit control and risk assessment questionnaire.

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 "E." Mr. Hoffman reported that in March the District pumped 6,776,300 gallons of water and purchased 5,311,000 gallons of water from the West Harris County Regional Water Authority ("WHCRWA") and that the District has 139,613,900 gallons and eight 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 stated that the annual fire hydrant maintenance is still being completed. Mr. Hoffman reported that any deficiencies are being noted during the inspection and maintenance.

Mr. Hoffman reported that H2O repaired valves in the District as a result of the fire hydrant study.

Mr. Hoffman reported that the semi annual lift station cleaning is scheduled for next week.

Mr. Hoffman reported that the Water Quality Report information has been sent to Municipal Utility District Nos. 162, 163 and 186. Mr. Hoffman stated that H2O received the water quality information from the WHCRWA. Mr. Hoffman noted that the recent water quality information from the TCEQ is attached to the Operations Report.

Mr. Hoffman reported that H2O received a request from Amegy Bank to waive Mr. Edwards turn-off fee. It was the consensus of the Board that H2O send Amegy Bank a letter requesting proof of Mr. Edwards timely payment.

7. **Amend Rate Order.** Mr. Hoffman reported that the Rate Order needs to be amended to implement the summer water rate schedule which was approved by the Board in March. 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 amend the Rate Order to implement the summer water rate schedule.

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 "F." Mr. Sarman stated that TCB has received comments from H2O for updates to the GIS map file and that TCB is addressing H2O's comments. Mr. Sarman noted that TCB's cost estimate to create a GIS layer for point repairs and to maintain the system is \$8,000. 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 TCB to create a GIS layer for point repairs and to maintain the system at an estimated cost of \$8,000.

Mr. Sarman reported that TCB is preparing plans for Phase 12 sanitary sewer repairs and will submit them to H2O once complete.

9. **Discuss update of website and preparation of newsletter.** Mr. Hoffman reported that the newsletter was mailed to residents and included the new water rates.

10. **Report on Copperfield Joint Operations Board ("CJOB") meeting.** Director Struzick reported that the CJOB discussed the bar screen bypass, cleaning digester #4, and replacing the chlorine injector lines. Director Struzick reported that CJOB accepted Harris County Municipal Utility District's No. 163's ("No. 163") letter of no objection to the Reclaimed Water System project and noted that No. 163 requested that each Board acknowledge receipt of the letter.

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

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President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)