

MINUTES OF MEETING OF BOARD OF DIRECTORS
May 16, 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 May 16, 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. 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. Steve Webb of H2O Consulting ("H2O"), operator for the District; Mr. Terry Holland of Myrtle Cruz, Inc., bookkeeper for the District; 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 April 18, 2008, 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 meeting of April 18, 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 April, a copy of which is attached hereto as Exhibit "B." Ms. Scott reported that the District has collected 97.58% of its 2007 taxes. 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. 1268 through 1271 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 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. 7822 through 7851 from the Operating Account to the persons, in the amounts, and for the purposes described in the Bookkeeper's Report.

4. **Operations Report.** The President recognized Mr. Webb, 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. Webb reported that in April the District pumped 9,077,300 gallons of water and purchased 5,484,000 gallons of water from the West Harris County Regional Water Authority ("WHCRWA") and that the District has 125,051,600 gallons and seven months remaining on its Harris Galveston County Subsidence District ("HGCSA") permit.

Mr. Webb reviewed with the Board the report summary. Mr. Webb reported on maintenance items and stated that the annual fire hydrant maintenance is still being completed. Mr. Webb reported H2O repaired deficiencies that were noted during the inspection and maintenance. Mr. Webb reported that H2O repaired an isolation valve for a fire hydrant as a result of the fire hydrant study.

Mr. Webb reported that the semi annual lift station cleaning is complete.

Mr. Webb recommended that the Board approve installing a centrifugal clutch on the booster pump engine at an estimated cost of \$2,200. Discussion ensued. Upon motion by Director Struzick, seconded by Director Moody, after full discussion and the question being put to the Board, the Board voted unanimously to approve the centrifugal clutch installation on the booster pump engine at an estimated cost of \$2,200.

Mr. Webb reported that the fire hydrants have not been painted since 2003 and requested the Board's approval to pressure wash and paint the hydrants at an estimated cost of \$3,500. 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 approve pressure washing and painting the fire hydrants at an estimated cost of \$3,500.

Mr. Webb reported that the draft Consumer Confidence Report is attached to the Operations Report for the Board's review. Mr. Webb requested the Board's authorization to mail the report to customers. In response to a question from Director Struzick, Mr. Webb responded that he would determine if the last two pages of tables are required for inclusion in the report. Director Struzick requested that H2O only provide data which impacts the District unless the tables need to be included to meet legal requirements. Mr. Webb stated that he would discuss the report with Mr. Hoffman to determine the information that is required for the report. Director Struzick stated that if the last two pages of the report are required for publication, then he feels H2O needs to include clarification in the report regarding the information since the District uses blended water. Extensive discussion ensued. It was the consensus of the Board that Director Miller act as the contact person with H2O on behalf of the District to resolve the report issues.

Mr. Webb noted that Mr. Hoffman's scope of work and estimate for preparing the equipment and asset evaluation for the District is attached to the Operations Report. Mr. Webb

stated that Mr. Hoffman estimated the task will cost \$1,800. Director Struzick recommended increasing the fee for the evaluation from \$1,800 to \$2,500. Upon motion by Director Struzick, seconded by Director Miller, after full discussion and the question being put to the Board, the Board voted unanimously to approve spending \$2,500 for H2O's evaluation of the District's equipment and assets.

In response to a question from Director Moody, Mr. Webb responded that he would investigate the status of the Water Smart application.

Mr. Webb reported that H2O is testing the meters from the well and surface water to determine the reason the water accountability has been declining.

5. **Approve Consumer Confidence Report.** Upon motion by Director Struzick, seconded by Director Moody, and after full discussion and the question being put to the Board, the Board voted unanimously to designate Director Miller as H2O's contact person for approving the Consumer Confidence Report on behalf of the District.

6. **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 "E." Mr. Sarman stated that TCB has received comments from H2O for updates to the GIS map file. Mr. Sarman noted that once the files are complete, the updated files will be submitted to H2O.

Mr. Sarman reported that TCB is working to add the sanitary sewer repairs information to the GIS files.

Mr. Sarman stated that TCB is performing the final review of the plans for Phase 12 sanitary sewer repairs and that once finalized, the plans will be submitted to H2O.

7. **Discuss update of website and preparation of newsletter.** Director Miller reported no new activity.

8. **Review Ethics Policy.** This item was deferred.

9. **Qualify Directors.** Ms. Green presented to and reviewed with the Board the Certificates of Election.

10. **Election of Officers.** Upon motion by Director Moody, seconded by Director McCavitt, and after full discussion and the question being put to the Board, the Board voted unanimously to approve the Certificates of Election and to retain the current slate of officers.

11. **Renew Insurance.** The Board reviewed insurance proposals. Director Struzick requested that the attorney review the D&O policy for CJOB. It was the consensus of the Board to defer renewing the insurance.

12. **Indemnification of Directors.** This item was deferred.

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

Director Struzick reported that CJOB discussed insurance proposals but deferred making a decision until the District had an opportunity to review insurance proposals for the waste water treatment plant. Director Struzick reported that CJOB drained a line from the pressure room building and had a problem with electrical tripping with the lift station pumps which resulted in spikes in the KVA. Director Struzick reported that the notch was cut in the headworks for the bar screen bypass. Director Struzick reported that CJOB is reviewing four proposals from waste haulers to remove the sludge.

Director Struzick reported that he attended the WHCRWA meeting and requested that Mr. Hoffman determine whether the District or the WHCRWA is responsible for maintaining isolation valves.

It was the consensus of the Board to move the June and July meetings to the second Friday of the month so that the June meeting would be held on June 13, 2008 and the July meeting would be held on July 11, 2008.

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)