

MINUTES OF MEETING OF BOARD OF DIRECTORS
June 13, 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 June 13, 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 Director Moody. 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 TCB, Inc. ("TCB"), engineers for the District; Mr. Steve Webb of H2O Consulting ("H2O"), operator for the District; Ms. Lori Hogue 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 approval of the minutes of the meeting of May 16, 2008, previously distributed to the Board. Director McCavitt requested that "study" be changed to "inspection" in the fourth sentence and the last sentence of the second paragraph under the Operations Report. Director McCavitt requested that the motion in paragraph seven under the Operations Report be revised to state, "...approve spending up to \$2,500 for H2O's evaluation of the District's equipment and assets." 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 minutes of the meeting of May 16, 2008, as revised.

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 May, a copy of which is attached hereto as Exhibit "B." Ms. Scott reported that the District has collected 97.88% of its 2007 taxes. 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 accept the Tax Assessor and Collector's Report and to authorize payment of check nos. 1272 through 1274 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 Ms. Hogue, 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 Miller, 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. 7853 through 7877 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 May the District pumped 17,210,100 gallons of water and purchased 1,125,000 gallons of water from the West Harris County Regional Water Authority ("WHCRWA") and that the District has 107,840,375 gallons and six 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 semi-annual well reports are attached to the Operations Report for the Board's review.

Mr. Webb stated that an email from Wayne Ahrens of the WHCRWA describing the maintenance of WHCRWA equipment is attached to the Operations Report.

Mr. Webb reported that the annual emergency engine maintenance was completed on all three pieces of equipment at a final cost of \$1,956.74.

Mr. Webb stated that the centrifugal clutch for the booster pump engine is on order.

Mr. Webb reported that the fire hydrant painting is proceeding and should be complete in a few weeks. Mr. Webb reported that the water plant fence was pressure washed and the painting was touched up. Mr. Webb stated that vandals had painted the fence at the water plant on two occasions and that the Sheriff's Department had been notified.

Mr. Webb reported that a memo from Chris Hoffman regarding the Consumer Confidence Report ("CCR") requirements is attached to the Operations Report for the Board's review. Mr. Webb stated that Director Miller verified with Mr. Hoffman that the three water sources for the District's water was a mandatory requirement for the CCR.

Mr. Webb reported that the asset report is in progress and H2O hopes to have a draft report for the Board's review at the next meeting.

Mr. Webb reported that the District has been off surface water for about one month and that the water accountability for May was 94.9%.

Director Struzick requested that Mr. Hoffman provide the Board information on the Superior Water rating. Director Struzick stated that Director Moody requested the information at the May meeting and will be providing clarification of his request.

5. **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 submitted information requests to insurance companies, as requested.

Mr. Sarman reported on the GIS Sanitary Sewer Repairs and noted that TCB has located and addressed formatting conflicts in the GIS files and has entered sanitary sewer repair information into a database. Mr. Sarman noted that TCB will run the GIS tool to populate the repairs into the GIS maps soon.

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

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

8. **Renew Insurance.** The Board reviewed insurance proposals from Harco, The Essential Group and Aquasurance, copies of which are attached hereto as Exhibit "F." The Board requested that Ms. Green obtain clarification from The Essential Group regarding their sewage back up and pollution coverage and the agent fees. 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 accept The Essential Group proposal, subject to clarification of their sewage back up and pollution coverage and agent fees, and to authorize Director Struzick or Director McCavitt to notify F&J if the clarification is satisfactory.

9. **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 Miller, seconded by Director Huhn, 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.

10. **Report on Copperfield Joint Operations Board ("CJOB") meeting.** Director Struzick reported that CJOB discussed insurance proposals and accepted The Essential Group's proposal. Director Struzick reported that CJOB experienced a 14-hour power outage and that the operator is reviewing any compliance issues CJOB may have experienced from the outage. Director Struzick reported that CJOB will be replacing the controller at the lift station. Director Struzick stated that CJOB is researching the repairs to belt press #2 and that the cost to rebuild the press is \$95,000 and the cost to replace the press is \$395,000. Director Struzick reported that CJOB reviewed plans for the operator's building and would be reviewing cost estimates at the next meeting.

Director Struzick reported that the Public Drinking Water Conference will be held August 18th to 19th in Austin. Director Struzick encouraged the Board to attend the free conference.

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)