

MINUTES OF MEETING OF BOARD OF DIRECTORS
July 20, 2007

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 July 20, 2007; whereupon the roll was called of the members of the Board, to wit:

Gary Struzick, President
John F. Moody, Vice President
Richard Huhn, Secretary
R. Brent Powell, Assistant Secretary
Brock E. Miller, Assistant Secretary

All members of the Board were present except Director 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. Bobby Adams and 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; 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 June 15, 2007, previously distributed to the Board. Upon motion by Director Powell, seconded by Director Moody, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the meeting of June 15, 2007, 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 June and the Delinquent Roll, copies of which are attached hereto as Exhibit "B." Upon motion by Director Powell, seconded by Director Moody, 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 Delinquent Roll, and authorize payment of check nos. 1234 through 1237 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." Mr. Hoffman noted that a request for reimbursement for check no. 7530

to Bio-Aquatic Testing, Inc. should be forwarded to Ms. Shelnut at Myrtle Cruz for reimbursement by the Copperfield Joint Operations Board ("CJOB") account. 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 the Investment Report and the Bookkeeper's Report, and to authorize payment of check nos. 7516 through 7544 from the Operating Account to the persons, in the amounts, and for the purposes described in the Bookkeeper's Report.

4. **Review Investment Policy and accept related party disclosures.** Ms. Cogburn reviewed with the Board the Investment Policy, a copy of which is attached hereto as Exhibit "D." Ms. Cogburn stated that there were not any legislative changes which would require amending the District's policy. Director Miller requested that "treasurer" be changed to "an officer of the Board" in item nos. one and two under Exhibit "1-4". Upon motion by Director Moody, seconded by Director Powell, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Investment Policy, as revised and to accept the bookkeeper disclosure report.

5. **Approve Filing of Continuing Disclosure Reports.** Ms. Cogburn reviewed the filing requirements with the Board. Upon motion by Director Huhn, seconded by Director Moody, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Annual Report on Financial Information and Operating Data and to authorize F&J to file such Report as required by law.

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 on maintenance items and noted that the hydrotank and GST tank inspections are complete.

Mr. Hoffman stated that chlorine line repairs are complete for well #1 and well #2.

Mr. Hoffman reported that well treatments for iron bacteria are complete and that the wells are back in service. Mr. Hoffman requested the Board's approval to pay for the treatment at an estimated cost of \$3,000.

Mr. Hoffman reported that H2O is balancing water quality levels after well treatment and chlorine line repairs.

Mr. Hoffman reported that the issue with high level GST alarms caused by the West Harris County Regional Water Authority ("WHCRWA") valve failure has been resolved. Mr. Hoffman noted that the valve has been operating properly for the last 10 days.

Mr. Hoffman reported that the well motor #1 is being repaired and should be installed early next week. Mr. Hoffman requested the Board's approval to pay for the repair at an estimated cost of \$22,000. Director Moody stated that although the repair was an emergency, he felt that the Board should have held a special meeting to discuss the repair. Discussion ensued regarding the cost to the District for posting a special meeting to discuss the repair. Upon motion by Director Powell, seconded by Director Huhn, after full discussion and the question being put to the Board, the Board voted unanimously to approve the well treatments for iron

bacteria at an estimated cost of \$3,000 and the repair of well motor #1 at an estimated cost of \$22,000.

Mr. Hoffman reported on sewer line maintenance and stated that Phase 11 sewer line cleaning and televising is complete and reports were given to TCB.

Mr. Hoffman reported that H2O sent a letter to the TCEQ requesting that the District be considered for Superior Water System status as required under the Superior Water System Application.

Mr. Hoffman reviewed the newsletter articles with the Board, copies of which are attached to the Operations Report.

7. **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 prepared a proposal to address possible updates to the GIS map, a copy of which is attached to the Engineer's Report. Mr. Sarman noted that there are three options for the Board to consider and TCB will update the GIS based on their selected option. Mr. Sarman stated that TCB would like Harris County Municipal Utility District Nos. 162, 186, and 208 to select the same option so that updates are consistent. Ms. Cogburn stated that No. 162 has deferred making the decision until their next meeting. Mr. Sarman stated that No. 186 selected Option 3, contingent upon the other two District's approval of the option. Mr. Sarman reported that time and materials would be split between the three districts. 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 Option 3 at a cost of \$3,840, subject to approval of the same option by Harris County Municipal Utility District No. 162.

Mr. Sarman reported that TCB and H2O are gathering the remaining information to update the Emergency Response Plan ("ERP") and that TCB anticipates having the draft ERP to review with the Board at the August meeting.

8. **Discuss WHCRWA Surface Water Conversion Costs.** Mr. Sarman reported that the WHCRWA requested that the District revise its second reimbursement letter dated March 6, 2007 to identify the recent increase to 25% of construction fees for engineering fees. Mr. Sarman stated that on June 29, 2007, TCB submitted a letter to Glynda Cross at Dannenbaum Engineering, a copy of which letter is attached to the Engineer's Report. Mr. Sarman noted that it is TCB's understanding that Dannenbaum Engineering would recommend to the WHCRWA the reimbursement of the items in the letter. Mr. Sarman reported that recent discussions at the WHCRWA meeting indicated no additional reimbursements would be made to the District.

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

10. **Report on CJOB meeting.** Director Struzick updated the Board on the CJOB meeting. The Board discussed the District Insurance and the method for obtaining insurance proposals next year.

11. **Discuss Reclaimed Water System.** Director Struzick reported that Harris County Municipal Utility District No. 188 (“No. 188”) has indicated support for the reclaimed water system but would like Harris County Municipal Utility District No. 163 (“No. 163”) to write a letter of “no objection” to the districts participating in the agreement.

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)