

MINUTES OF MEETING OF BOARD OF DIRECTORS
August 22, 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 August 22, 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. Chris Hoffman 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 special meeting of July 11, 2008, previously distributed to the Board. 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 minutes of the special meeting of July 11, 2008, as presented.

2. **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 "B." 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 Investment Report and the Bookkeeper's Report, and to authorize payment of check nos. 7912 through 7936 from the Operating Account to the persons, in the amounts, and for the purposes described in the Bookkeeper's Report.

3. **Consider and approve filing of Continuing Disclosure Information.** 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 and authorize F&J to file the Annual Report of Financial Information and Operating Data on behalf of the District.

4. **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 "C." Mr. Hoffman reported that in July the District pumped 15,737,000 gallons of water and purchased 7,217,000 gallons of water from the West Harris County Regional Water Authority and that the District has 61,357,200 gallons and four months remaining on its Harris Galveston County Subsidence District ("HGCS D") permit. Mr. Hoffman stated that the water accountability for July was 97.4%.

Mr. Hoffman reviewed with the Board the Operations Report Summary. Mr. Hoffman reported on maintenance items and stated that H2O improved area drainage and replaced grass to prevent soil erosion at the water plant.

Mr. Hoffman reported that a chip in the impeller of the submersible pump on lift pump #1 was discovered during the maintenance inspection. Mr. Hoffman stated that the pump was pulled and H2O is waiting to receive the tear down report and cost estimate for the repair. Mr. Hoffman requested authorization to contact one director regarding the repairs, following the receipt of the report. 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 authorize Director Miller to be the point person for Mr. Hoffman to contact regarding the lift pump #1 repair.

Mr. Hoffman reported that wear in the wearing for the submersible pump on lift station pump #2 was discovered during the maintenance inspection. Mr. Hoffman stated that pump #2 will be pulled after the pump #1 repair is complete.

Mr. Hoffman reported that H2O repaired a tapline at 17014 Poplar Hill at a final cost of \$1,112.05.

Mr. Hoffman reported that H2O repaired a two-inch blow off at 7930 Autumn Laurel at a final cost of \$1,945.43.

Mr. Hoffman reported that H2O investigated a sinkhole at 15915 Ridge Park and determined that the problem was on the Church sewer line and that the repair was turned over to the Church. Mr. Hoffman stated that the estimated cost of the investigation is \$7,250.

Mr. Hoffman reported that H2O repaired a sewer line at 7527 Shangrilla at an estimated cost of \$7,250.

Mr. Hoffman reported that a resident, Ms. Allen, requested that her water bill be adjusted for her June and July water usage. Mr. Hoffman stated that H2O replaced her old meter with a new meter and also provided Ms. Allen a history of her water usage. Mr. Hoffman reviewed a comparison of meter readings from 2005 with Ms. Allen's current water usage readings in 2008 and noted that summer water rates were used both years and weather conditions for both years were similar. Mr. Hoffman stated that there is no evidence that Ms. Allen's meter readings were incorrect because her water usage in 2005 was similar to her water usage in 2008. Based on H2O's investigation, it was the consensus of the Board that Mr. Hoffman send Ms. Allen a letter notifying her that her water bill will not be adjusted.

Mr. Hoffman reported that a resident, Daren Allen, requested that H2O investigate the meter readings at 7403 Magnolia. Mr. Hoffman reported that H2O tested the water meter at the home and discovered that the meter tested at 110%. Mr. Hoffman reported that H2O replaced the meter and requested the Board's authorization to adjust Mr. Allen's water bill for the 10% overage from March to July and a portion of August. It was the consensus of the Board to adjust Mr. Allen's water bill for the 10% overage and to notify the resident to check for leaks.

Mr. Hoffman reported on administrative items and stated that H2O requested 200,000,000 gallons of water from the HGCSO for the District's water permit renewal.

Mr. Hoffman reported that the first draft of the District Asset Table is attached to the Operations Report for the Board's review and input. Mr. Hoffman stated that he would update the Asset Table after review by the Board and TCB. Mr. Hoffman stated that the two biggest asset items were well #1 and well #2. Discussion ensued. Mr. Hoffman requested that the Board provide input on the table within the next two weeks.

5. **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 July, a copy of which is attached hereto as Exhibit "D." Ms. Scott reported that the District has collected 98.66% of its 2007 taxes. 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 accept the Tax Assessor and Collector's Report and to authorize payment of check nos. 1281 and 1282 from the Tax Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

6. **Consider and approve addendum to Tax Assessor and Collector's contract.** Ms. Scott reviewed with the Board the addendum to the Tax Assessor and Collector's contract, a copy of which is attached hereto as Exhibit "E." 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 addendum to the Tax Assessor and Collector's contract.

7. **Consider and approve Depository Pledge Agreement with Compass Bank and Federal Home Loan Bank Board Atlanta.** Ms. Cogburn reported that Texas State Bank and Compass Bank have merged and requested that the District approve a new Depository Pledge Agreement with Compass Bank and Federal Home Loan Bank Board of Atlanta, as well as accepting letters of credit with Federal Home Loan Bank Board of Atlanta as collateral for deposits with Compass Bank. 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 Depository Pledge Agreement with Compass Bank and Federal Home Loan Bank Board of Atlanta and to accept letters of credit with Federal Home Loan Bank Board of Atlanta as collateral for deposits with Compass Bank.

8. **Consider accepting letter of credit with Federal Home Loan Bank Board Atlanta as collateral for deposits.** This item was approved with item 7.

9. **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 reported on the GIS updates for Sanitary Sewer Repairs and noted that TCB is coordinating with H2O to provide the updated files for review and comment.

Mr. Sarman stated that he would request David Munn to review the Asset Table and submit revisions to H2O.

Director Struzick requested that TCB include the actual versus budget amounts on their billing reports to the District so that the District can better track the engineering fees.

10. **Discuss update of website and preparation of newsletter.** Mr. Hoffman reported that the next newsletter is scheduled for October or November and suggested it include information on the District's new tax rate.

11. **Report on Copperfield Joint Operations Board ("CJOB") meeting.** Director Struzick reported that CJOB discussions included prospective TCEQ permit requirements regarding E-coli effluent discharge into water streams. Director Struzick stated that CJOB has authorized H2O to obtain E-coli samples at the Sewage Treatment Plant and discharge points to determine a baseline reading for E-coli discharge.

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)