

MINUTES OF MEETING OF BOARD OF DIRECTORS
January 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 January 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. 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 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 December 14, 2007, previously distributed to the Board. 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 December 14, 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 December, a copy of which is attached hereto as Exhibit "B." Ms. Scott reported that the District has collected 46.489% 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. 1255 through 1257 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 property tax exemptions.** Ms. Scott stated that the District has not previously granted any property tax exemptions. No action was taken.

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 "C." Upon motion by Director Moody, 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. 7712 through 7726 and 7728 through 7736 from the Operating Account to the persons, in the amounts, and for the purposes described in the Bookkeeper's Report.

5. **Approve budget for the fiscal year ending February 28, 2009.** The Board discussed revisions to the budget for the fiscal year ending February 28, 2009, a copy of which is attached to the Bookkeeper's Report. No action was taken.

6. **Engage auditor for the fiscal year ending February 29, 2008.** This item was deferred.

7. **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 "D." Mr. Hoffman reported that in December the District pumped 5,404,000 gallons of water and purchased 4,520,000 gallons of water from the West Harris County Regional Water Authority and that the District has 170,076,000 gallons and 11 months remaining on its Harris Galveston County Subsidence District ("HGCS D") permit.

Mr. Hoffman reviewed with the Board the report summary. Mr. Hoffman reported on maintenance items and noted that well #1 has lost approximately 100 gallons per minute ("gpm") since the last test. Mr. Hoffman stated that H2O is continuing to monitor the gpm closely. Mr. Hoffman noted that the well is still producing 1082 gpm.

Mr. Hoffman stated that the ammonia building power sources have been connected to the proper power source so that it can operate under generator power.

Mr. Hoffman reported that the District experienced a power outage on November 12, 2007 and that the water plant operated under generator power until Centerpoint Energy restored the power.

Mr. Hoffman reported that Phase 12 sanitary sewer line cleaning and televising is complete and that TCB is reviewing the reports and tapes.

Mr. Hoffman stated that the manhole repairs on Royal Garden and Forest Heights are complete.

Mr. Hoffman reported on administrative items and noted that the District is still waiting on the response from the TCEQ regarding the Superior Water System Application.

Mr. Hoffman reported on the email correspondence between Director Struzick and a resident, Mr. Williamson, a copy of which is attached to the Operations Report. Mr. Hoffman reported that Mr. Williamson's water service was terminated and explained the series

of events surrounding the termination and H2O's efforts to resolve the problem and prevent similar problems from occurring in the future.

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 "E." Mr. Sarman stated that TCB is completing the draft forms and map updates to the GIS map file for review by H2O. Mr. Sarman noted that TCB anticipates the draft updates will be available for the February Board meeting.

Mr. Sarman reported that TCB anticipates submitting the final Phase 11 sanitary sewer plans to H2O next week. Mr. Sarman stated that TCB received the Phase 12 sanitary sewer videos this week and that the videos are being reviewed.

Mr. Sarman reported that the engineer for the West Harris County Regional Water Authority ("WHCRWA") requested information from the District for their files, a copy of the email request is attached hereto as Exhibit "F." Mr. Sarman stated that TCB would email the data to WHCRWA, as requested.

9. **Discuss update of website and preparation of newsletter.** Director Moody suggested including water conservation articles in the newsletter and noted that a particular variety of rose is being touted as disease resistant and maintenance free. It was the consensus of the Board to include on the website information on credit card payments and the related fees for this service.

10. **Report on Copperfield Joint Operations Board ("CJOB") meeting.** Director Struzick stated that CJOB engaged the auditor and deferred approving the budget for the fiscal year. Director Struzick noted that he visited the operator's office at the sewage treatment plant and suggested that Mr. Hoffman obtain bids for a shower and restroom to improve the office currently used by the operators. Director Struzick reported that the board approved the repair of two manholes on shared water lines. Director Struzick reported that CJOB is reviewing the life expectancy of equipment and operations at the plant.

11. **Discuss Reclaimed Water System ("RWS").** Mr. Sarman reviewed with the Board the RWS cost estimates for 2006 and updated cost estimates for 2008, copies of which are attached hereto as Exhibit "G." Mr. Sarman stated that the new cost estimates are based on recent construction projects and are more representative of the bids the District could expect to receive if the project is approved. Mr. Sarman stated that TCB also included cost items for trenchless installation of RWS lines under roads and in areas of dense development where open cut construction might be impractical. Extensive discussion ensued regarding the revised costs for the system and the revenue to pay for it. Director Struzick recommended that the Board consider completing the engineering design for the project. Director Struzick asked TCB to revise their design fees and requested that Mr. Sarman submit the Engineer's Report at least two to three days before the meeting to ensure that the Board has ample time to review the estimates.

12. **Approve Resolution Nominating a Candidate to Serve as a Director on the Board of Directors of the West Harris County Regional Water Authority ("WHCRWA") Director Precinct No. 7.** Discussion ensued regarding nominating George

“Skipper” Rush to the Board of WHCRWA. 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 Resolution Nominating a Candidate to Serve as a Director of the Board of Directors of the West Harris County Regional Water Authority Director Precinct No. 7, thereby nominating George Rush for the director position.

13. **Adopt Order Calling Directors Election.** The Board discussed potential judges and election locations for the May 10, 2008 Directors Election. No action was taken.

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)