

MINUTES OF MEETING OF BOARD OF DIRECTORS
January 19, 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 January 19, 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. Director Miller arrived at the meeting during the Tax Assessor's Report. Also attending all or part of the meeting were Ms. Brenda McLaughlin of Bob Leared Interests ("BLI"), tax assessor and collector for the District; Mr. Charles Eastland 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, Ms. Nancy Green, Ms. Carla Christensen, Ms. Cindy Haynes and Ms. Donna Hasten 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 8, 2006, previously distributed to the Board. 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 minutes of the meeting of December 8, 2006, as presented.

2. **Tax Assessor and Collector's Report.** The President recognized Ms. McLaughlin, 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. McLaughlin reported that the District has collected 68.624% of its 2006 taxes. Upon motion by Director Huhn, seconded by Director Powell, 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. 1211 through 1214 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. McLaughlin stated that the District has not previously granted any property tax exemptions. No action was taken on this matter.

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 stated that the sewer line, sidewalk and manhole repairs have begun at an estimated cost of \$15,000. Mr. Hoffman reported that the Phase 9 repairs are being scheduled and the Phase 10 repairs are being evaluated by TCB.

Mr. Hoffman reported that the vault installation, water plant valve replacement, and the 20-inch butterfly valve replacement are complete.

Mr. Hoffman stated that the generator has been installed and is operational.

Mr. Hoffman reported that the alarm system upgrades are complete.

Mr. Hoffman reported that H2O replaced the starters for well #1 and requested the Board's approval. Upon motion by Director Miller, seconded by Director Powell, after full discussion and the question being put to the Board, the Board voted unanimously to authorize replacement of the starters at an estimated cost of \$3,800.

Mr. Hoffman reported on the West Harris County Regional Water Authority ("WHCRWA") Chloramine Operation and noted that H2O met with the operator for the WHCRWA and increased the surface water feed rate to approximately 750 gallons per minute.

Mr. Hoffman reviewed with the Board a list of the Delinquent Accounts, a copy of which is attached to the Operations Report. Mr. Hoffman recommended that 22 accounts be sent to a collection agency and eight accounts be written off as uncollectible, but noted that the collection agency he has previously used is no longer in business. Ms. McLaughlin agreed to investigate collection agencies that the District could employ to collect these delinquent accounts.

5. **Engineer's Report.** The President recognized Mr. Eastland, who presented to and reviewed with the Board the Engineer's Report and draft Water Conservation Plan, copies of which are attached hereto as Exhibit "D." Mr. Eastland noted that the Water Conservation Plan contains projected annual savings targets and several options to meet those targeted amounts. Mr. Eastland reported that TCB has modeled the plan for the District after the WHCRWA water conservation plan. Mr. Eastland reported that the District is required to update the plan every five years. 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 adopt the Order Adopting Water Conservation Plan, Providing for Implementation and Enforcement Thereof; and Containing Other Provisions Related to the Subject, thereby approving the Water Conservation Plan.

Mr. Eastland stated that the WHCRWA is reviewing the costs associated with the surface water conversion projects and has noted that the actual conversion costs and engineering costs have been significantly higher than the amounts currently being allowed for reimbursement. Mr. Eastland stated that the WHCRWA confirmed that TCB should submit all of the District's costs for reimbursements and that on December 22, 2006, the surface water conversion reimbursable submittal was sent to the WHCRWA, a copy of which is attached to the Engineer's Report. Director Struzick requested that Mr. Eastland draft a letter detailing the reasons for the higher costs for the surface water conversion and meet with Wayne Ahrens at the WHCRWA to get feedback on reimbursement from the WHCRWA.

Mr. Eastland reported that TCB has reviewed the DVD's to identify Phase 10 sanitary sewer damages for consideration of future repairs and that cost estimates for the repairs are attached to the Engineer's Report. Mr. Eastland stated that repair plans are being prepared and will be submitted to H2O as soon as they are complete. Upon motion by Director Moody, seconded by Director Huhn, after full discussion and the question being put to the Board, the Board approved spending approximately \$22,000 for both priority 1 and 2 repairs from the 2008 budget.

Mr. Eastland reported that the generator has been delivered and connected at the water plant. Mr. Eastland noted that the contractor is working on the transfer switch and that TCB anticipates a final walkthrough will be scheduled in the next week.

Mr. Eastland reported that TCB would continue to coordinate with WHCRWA to receive the shape file of the WHCRWA lines when it is complete to incorporate it into the Copperfield GIS mapping file.

Mr. Eastland reported that TCB returned the as-built drawings for the surface water conversion project to R&B Group for revision of the electrical sheet. Mr. Eastland noted on December 14, 2006, TCB confirmed that the revised as-built drawings were returned and are complete. Mr. Eastland stated that TCB completed the review of the O&M manuals and does not have any further comments. Mr. Eastland stated that Progress Payment No. 16, in the amount of \$24,156.78 is attached to the Engineer's Report. Discussion ensued regarding the final payment and liquidated damages. The President requested that Ms. Hogue hold payment of the check to R&B Group for Progress Payment No. 16, pending receipt of advice from F&J.

Mr. Eastland discussed the Reclaimed Water System and noted that TCB contacted the TCEQ regarding the use of irrigation trucks. Mr. Eastland reported that TCEQ would not have a problem with a truck irrigating the common areas of the District with Type I effluent as long as the irrigation areas are in the 210 authorization and management practices are implemented to minimize effluent runoff.

Mr. Eastland reported that as requested by the CJOB meeting on October 4, 2006, TCB has postponed any further design work on the reclaimed water system until CJOB notifies TCB to proceed. Mr. Eastland noted that the CJOB Board would like to have the reclaimed water system operational by April 2008 and that TCB is working to prepare an updated schedule for the completion of the project.

6. **Discuss WHCRWA Surface Water Conversion Costs.** This item was discussed in the Engineer's Report.

7. **Consider and approve action authorizing electronic document recording, director access, and establishing an extranet for District Directors and consultants.** Ms. Haynes demonstrated the Ringtail Electronic Database and extranet for storing District records and documents. 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 authorize F&J to electronically record District documents, provide director access and establish an extranet for District directors and consultants at a cost of \$4,500.

8. **Bookkeeper's Report.** The President recognized Ms. Hogue, who presented to and reviewed with the Board the Bookkeeper's Report, Investment Report, and the Budget for the Fiscal Year Ending February 29, 2008, copies of which are attached hereto as Exhibit "E." 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 Investment Report, to approve the Bookkeeper's Report, and to authorize payment of check nos. 7341 through 7374 (excluding check 7359) from the Operating Account, to the persons, in the amounts, and for the purposes described in the Bookkeeper's Report.

9. **Approve Budget for Fiscal Year Ending February 29, 2008.** This item was deferred until the February meeting.\

10. **Engage Auditor for the Fiscal Year Ending February 28, 2007.** Upon motion duly made and seconded, after full discussion and the question being put to the Board, the Board voted unanimously to engage David L. Merritt, P.C. as the District's auditor for the fiscal year ending February 28, 2007, and to authorize the Board President to execute the engagement letter, a copy of which is attached hereto as Exhibit "F."

11. **Discuss update of website and preparation of newsletter.** This item was not discussed.

12. **Report on Copperfield Joint Operations Board meeting.** President Struzick updated the Board on the most recent meeting.

13. **Discuss completion status of R&B contract (surface water conversion construction).** This item was discussed under the Engineer's Report.

14. **Discuss Reclaimed Water System.** This item was discussed in the Engineer's Report.

15. **Authorize execution of Restated and Amended Effluent Use Agreement by and among the District, the Copperfield Joint Operations Board and Hearthstone Country Club.** 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 authorize execution of the Restated and Amended Effluent Use Agreement by and among the District, the Copperfield Joint Operations Board and Hearthstone Country Club.

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)