

MINUTES OF MEETING OF BOARD OF DIRECTORS
February 15, 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 February 15, 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; Ms. Lori Hogue of Myrtle Cruz, Inc., bookkeeper for the District; Mr. David L. Merritt, P.C., auditor 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 January 18, 2008, 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 January 18, 2008, 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 January, a copy of which is attached hereto as Exhibit "B." Ms. Scott reported that the District has collected 94.06% 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. 1258 and 1259 from the Tax Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

3. **Approve Resolution Authorizing Additional Penalty on Delinquent Taxes Under Sections 33.07, 33.11 and 33.08, Tax Code.** 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 Authorizing Additional Penalty on Delinquent Taxes Under Sections 33.07, 33.11 and 33.08, Tax Code, a copy of which is attached hereto as Exhibit "C."

4. **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 "D." 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. 7742 through 7762 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. In response to a question from Director Moody, Mr. Merritt estimated that the audit will cost \$9,500. Director Moody recommended increasing the audit budget to \$9,500. Director Moody requested that the Board consider implementing the summer rates to its customers. Director Struzick stated that summer rates encourage water conservation and he likes the idea, but that the summer rates do not increase the revenues. The Board requested that Mr. Hoffman review the rates from the last two summers to determine what impact the rates have on water conservation. 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 budget for the fiscal year ending February 29, 2008, with the increase in the budgeted amount for audit fees.

6. **Consider re-adoption of the summer rates.** This item was discussed with the budget.

7. **Engage auditor for the fiscal year ending February 29, 2008.** Mr. Merritt reviewed with the Board the Auditor Engagement Letter, a copy of which is attached hereto as Exhibit "E." Mr. Merritt explained that new audit standards, SAS 104 – SAS 111 require the auditor to perform risk assessments on the District's consultants through a series of questionnaires. 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 engage David L. Merritt, P.C., as the auditor for the fiscal year ending February 29, 2008.

8. **Adopt Order Calling Directors Election.** Director Miller stated that Kathleen Satterfield has agreed to be the District's election judge. Upon motion by Director Miller, seconded by Director Moody, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Order Calling Directors Election for the May 10, 2008 Directors Election, a copy of which is attached hereto as Exhibit "F."

9. **Consider March meeting date.** Ms. Cogburn suggested that the March meeting be rescheduled because it falls on Good Friday. It was the consensus of the Board to reschedule the March meeting date to March 28, 2008 at 12:00 p.m.

10. **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 "G." Mr. Hoffman reported that in January the District pumped 5,357,000 gallons of water and purchased 4,294,000 gallons of water from the West Harris County Regional Water Authority and that the District has 160,424,000 gallons and 10 months remaining on its Harris Galveston County Subsidence District ("HGCSO") permit.

Mr. Hoffman reviewed with the Board the report summary. Mr. Hoffman reported on maintenance items and noted that the rolling gate for the water plant has been installed at a final cost of \$3,262,80.

Mr. Hoffman reported that H2O installed a steel post around the fire hydrant on Royal Gardens near the greenbelt.

Mr. Hoffman reported on the Superior Water System Application and noted that H2O is still waiting on a response from Barry Price with the TCEQ region 12.

Mr. Hoffman reported that the \$0.10 increase in the West Harris County Regional Water Authority rate has been applied to the customer bills. Mr. Hoffman stated that notice of the annual rate increase would be included in the District newsletter.

11. **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 "H." Mr. Sarman stated that TCB has completed the draft forms and map updates to the GIS map file and submitted the updates to H2O for review. Mr. Sarman noted that TCB will address H2O's comments upon receipt.

Mr. Sarman reported that TCB is reviewing the Phase 12 sanitary sewer videos and will begin preparing the cost estimate this week.

12. **Discuss update of website and preparation of newsletter.** Director Miller noted that Mack Alexander would be archiving the 2004 through 2006 items from on website. It was the consensus of the Board to query customers on the feasibility of using credit cards for water bill payments in the July newsletter.

13. **Report on Copperfield Joint Operations Board ("CJOB") meeting.** Director Struzick stated that the new representative for Harris County Municipal Utility District No. 163, Caroline Melton, is a chemical engineer. Director Struzick noted Mr. Hoffman provided a table outlining the useful life and replacement costs for the sewage treatment plant assets. Director Struzick stated that Mr. Hoffman would evaluate which equipment is likely to need replacement and prepare a summary letter of recommendations. Ms. Cogburn stated that the District has a 10% ownership in CJOB. Director Struzick stated that the District may want to consider having Mr. Hoffman prepare an evaluation of the District's equipment in the future. Mr. Hoffman noted that the budget was approved at CJOB.

14. **Discuss Reclaimed Water System ("RWS").** Director Struzick reported on the increase in the cost for the RWS project. Mr. Sarman stated that the Board of Harris

County Municipal Utility District No. 162 is in favor of the project, but acknowledges that the costs may not make economic sense. Extensive discussion ensued. It was the consensus of the Board to table the project and remove the item from the agenda.

15. **Approve Resolution Adopting Prevailing Wage Rate Scale for Construction Projects.** 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 Resolution Adopting Prevailing Wage Rate Scale for Construction Projects, a copy of which is attached hereto as Exhibit "I."

16. **Other business.** Ms. Cogburn stated that F&J received an optional government census bureau questionnaire for preparation by the bookkeeper. 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 authorize the bookkeeper to complete the questionnaire on behalf of the District.

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)