

MINUTES OF MEETING OF BOARD OF DIRECTORS
February 16, 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 February 16, 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 executive session. 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. Heather Kubiak 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. **Executive session pursuant to Section 551.071 of the Texas Government Code, as amended to discuss and take action to finalize contract with R&B Group.** The President recognized Ms. Kubiak, who introduced herself to the Board and provided comments about her legal review of the R&B Contract. President Struzick announced a closed meeting pursuant to Texas Government Code section 551.071. President Struzick announced that the date of the meeting was February 16, 2007 and that the time was 12:25 p.m.

Upon conclusion of the closed meeting, the Board reconvened in open session. Director Struzick announced that the date was February 16, 2007 and that the time was 1:08 p.m. 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 authorize Ms. Kubiak to contact the R&B Group on behalf of the District.

2. **Minutes.** Consideration was given to the approval of the minutes of the meeting of January 19, 2007, previously distributed to the Board. 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 approve the minutes of the meeting January 19, 2007, as presented.

3. **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 January, a copy of which is attached hereto as Exhibit "B." The Board reiterated its recommendation that each consultant attach a summary sheet to their reports outlining only the items that need to be discussed at each meeting. Ms. McLaughlin reported on collection agency services and their costs. 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 no. 1215 from the Tax Account, in the amount, to the person, and for the purpose described in the Tax Assessor and Collector's Report.

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 "C." 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 approve the Investment Report, to approve the Bookkeeper's Report, and to authorize payment of check nos. 7379 through 7404 from the Operating Account, to the persons, in the amounts, and for the purpose described in the Bookkeeper's Report.

5. **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." Director Huhn thanked Mr. Hoffman and H2O on the prompt repair of the pipe which caused his back yard to flood. President Struzick complimented the District's consultants on their work and thanked Director Powell for attending the West Harris County Regional Water Authority's Board meetings on behalf of the District.

6. **Engineer's Report.** The President recognized Mr. Eastland, who presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as Exhibit "E."

7. **Discuss WHCRWA Surface Water Conversion Costs.** Mr. Eastland reported that TCB attended the WHCRWA Design Review Meeting on February 6, 2007 and stated that the WHCRWA has decided to remain with its 15% construction cost limitation for engineering. Mr. Eastland noted that the WHCRWA is not allowing reimbursement for operator coordination, but that they will reimburse districts for operator costs for construction work.

Extensive discussion ensued on prior WHCRWA meeting discussions of the surface water conversion project. Director Huhn and Mr. Eastland stated that their recollection of the facts are not consistent with the WHCRWA's recollection of the facts regarding cost reimbursement decisions for the project. Director Struzick requested that Mr. Eastland obtain minutes from the WHCRWA's design and regular meetings for review. In an effort to ensure that the District receives a fair reimbursement for conversion costs, the Board unanimously agreed to authorize Director Struzick and Director Powell to represent the District in a joint consortium of

representatives from the District and Harris County Municipal Districts Nos. 162, 163, 179 and 208 to challenge the WHCRWA's reimbursement policy.

8. **Approve Budget for the Fiscal Year Ending February 29, 2008.** The Board reviewed the Budget for the Fiscal Year Ending February 29, 2008, a copy of which is attached to the Bookkeeper's Report. The Board requested that line item GASB 34 be removed from the Expense Section of the Budget, that the Water Reuse Expense under the Special Projects Section of the Budget total \$750,000 and that the WHCRWA Conversion Reimbursement under the Special Projects Section of the Budget total \$234,354. 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 Budget for the Fiscal Year Ending February 29, 2008, as revised.

9. **Discuss update of website and preparation of newsletter.** There was no discussion.

10. **Report on Copperfield Joint Operations Board ("CJOB") meeting.** Mr. Hoffman reported that CJOB adopted their budget for the fiscal year.

11. **Discuss Reclaimed Water System.** There was no new discussion.

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)