

MINUTES OF MEETING OF BOARD OF DIRECTORS
September 28, 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 special session, open to the public, at the offices of Fulbright & Jaworski L.L.P., 1301 McKinney Street, Houston, Texas, at noon on September 28, 2007; 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. Carlin Short, financial advisor for the District; Mr. Tony Sarman of TCB/AECOM ("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. **Public Hearing on Taxation of Goods in Transit.** The President opened the public hearing. There were no public comments. The President closed the public hearing.
2. **Resolution Authorizing Taxation of Goods in Transit.** Ms. Cogburn reviewed with the Board the Resolution Authorizing Taxation of Goods in Transit, a copy of which is attached hereto as Exhibit "B." Upon motion by Director Miller, seconded by Director Moody, after full discussion and the question being put to the Board, the Board unanimously to adopt the Resolution Authorizing Taxation of Goods in Transit.
3. **Minutes.** Consideration was given to the approval of the minutes of the meeting of August 17, 2007, previously distributed to the Board. Director Moody noted that his first name was misspelled on page one of the minutes and requested that it be changed from "John" to "Jon." Mr. Hoffman requested that paragraph 11 under the Operations Report be revised to reflect that "newsletters were emailed to Director Miller for review." Upon motion by Director Huhn, 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 August 17, 2007, as revised.

4. **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 August and the Delinquent Roll, copies of which are attached hereto as Exhibit "C." 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 Delinquent Roll, and authorize payment of check no. 1208 and check nos. 1243 through 1245 from the Tax Account, in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

5. **Adopt Order Designating Officer to Calculate and Publish Tax Rate.** The President recognized Mr. Short, who presented to and reviewed with the Board his recommendations for the District's 2007 Tax Levy, a copy of which is attached hereto as Exhibit "D." Mr. Short recommended that the Board levy \$0.45 per \$100 assessed valuation for debt service and \$0.15 per \$100 valuation for operations and maintenance. Extensive discussion ensued. 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 adopt the Order Designating Officer to Calculate and Publish Tax Rate, a copy of which is attached hereto as Exhibit "E," thereby indicating its intent to set a tax rate of \$0.60 per \$100 assessed valuation (\$0.45 per \$100 assessed valuation to pay principal and interest to service the District's debts and \$0.15 per \$100 assessed valuation to fund maintenance and operating expenditures) and to designate Bob Leared as the District's officer to publish the proposed tax rate in the Houston Chronicle.

6. **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 "F." 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 approve the Investment Report and the Bookkeeper's Report, and to authorize payment of check nos. 7581 through 7613 from the Operating Account to the persons, in the amounts, and for the purposes described in the Bookkeeper's Report.

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 "G." Mr. Hoffman reported that the District pumped 7,877,900 gallons and purchased 8,241,000 gallons of water in August and that the District has 99,236,000 gallons and three months remaining on its Harris Galveston County Subsidence District ("HGCSO") permit.

Mr. Hoffman reviewed with the Board the maintenance items for the water plant, lift station, and water lines. Mr. Hoffman requested the Board's approval to proceed with the Phase 12 cleaning and televising of the District's water lines at a cost of \$15,000. 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 approve the final cleaning and televising of Phase 12 at a cost of \$15,000.

Mr. Hoffman reported on administrative items and noted that the District is still waiting on the response for the TCEQ regarding the Superior Water System Application. Director Struzick requested that Mr. Hoffman contact the TCEQ regarding the application.

Mr. Hoffman reported that the District newsletter is attached to the Operations Report. Director Moody noted revisions to the newsletter for Mr. Hoffman to correct.

Mr. Hoffman reviewed with the Board a letter from a customer who sold their house in the District and was charged for water not used, a copy of the letter is attached to the Operations Report. Discussion ensued. It was the consensus of the Board to credit the customer's bill for the amount of unused water (\$89.93).

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 "H." Mr. Sarman stated that TCB is updating the GIS mapping system and is gathering information for the updates. Mr. Sarman stated that TCB met with H2O to discuss their operational needs with regard to the GIS system updates. Mr. Sarman noted that TCB will continue to update the Board on the status of this project.

Mr. Sarman reported that TCB has prepared the final draft of the Emergency Response Plan ("ERP") for the Board's review and comment. Mr. Sarman stated that electronic versions of the final draft have been sent to each of the Board members. Mr. Sarman noted that TCB will address any comments submitted by October 6, 2007 before submitting the final ERP to the Board.

Mr. Sarman reported that TCB has prepared a cost estimate for the Phase 11 sanitary sewer repairs and will prepare Phase 11 final sanitary sewer plans for H2O. Mr. Sarman stated that Sanitary Sewer exhibits for Phase 12 have been submitted to H2O. Mr. Sarman stated that the District has paid for repairs to the saddle connection. The Board discussed root intrusions in the sewer lines and whether the District should notify customers of these issues. It was the consensus of the Board that a general article on root intrusions to sewer lines be included in the District newsletter at a future date.

9. **Discuss WHCRWA Surface Water Conversion Costs.** Director Struzick requested that this item be removed from the agenda and requested that the remaining unpaid costs for the WHCRWA surface water conversion be kept on file for future reference.

10. **Discuss update of website and preparation of newsletter.** This item was discussed in the Operations Report.

11. **Report on CJOB meeting.** Mr. Hoffman updated the Board on the CJOB meeting and noted that the blower #3 repair and the cleaning of the siphon under Horsepen Creek were approved.

12. **Discuss Reclaimed Water System.** Ms. Cogburn stated that Ms. Sechrist submitted her revisions of the Reclaimed Water System Agreement to Harris County Municipal Utility District No. 163 ("No. 163"). Ms. Cogburn noted that she drafted a letter of no objection to the agreement and sent it to No. 163 for their consideration.

13. **Discuss reporting electrical usage.** Ms. Cogburn reported that she has not yet received anything from Legacy Energy regarding conservation methods.

14. **Discuss TCEQ landscape irrigation rules.** The Board reviewed the letter from the TCEQ regarding the landscape irrigation rules, a copy of which is attached hereto as Exhibit "I." Ms. Cogburn stated that legislation was passed, but no rules have been drafted regarding landscape irrigation. Ms. Cogburn noted that the legislation relates to installation of irrigation systems. The Board did not take any action on this matter.

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)