

MINUTES OF MEETING OF BOARD OF DIRECTORS  
October 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 special session, open to the public, at the offices of Fulbright & Jaworski L.L.P., 1301 McKinney Street, Houston, Texas, at noon on October 19, 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 except Director Miller. 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/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. **Minutes.** Consideration was given to the approval of the minutes of the meeting of September 28, 2007, previously distributed to the Board. 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 minutes of the meeting of September 28, 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 September, a copy of which is attached hereto as Exhibit "B." Ms. Scott reported that the District has collected 98.619% of its 2006 taxes. 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 accept the Tax Assessor and Collector's Report and Delinquent Roll, and to authorize payment of check nos. 1246 through 1248 from the Tax Account, in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

3. **Public Hearing on Tax Rate.** The President opened the public hearing on the 2007 tax rate. Director Struzick questioned whether a \$0.60 tax rate would be adequate.

Discussion ensued. It was the consensus of the Board that the \$0.60 tax rate would be adequate. The President closed the public hearing.

4. **Adopt Order Setting Tax Rate and Levying Tax for 2007.** 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 adopt the Order Setting Tax Rate and Levying Tax for 2007, a copy of which is attached hereto as Exhibit "C," thereby levying a tax rate of \$0.60 per \$100 valuation (\$0.45 per \$100 assessed valuation for debt service and \$0.15 per \$100 valuation for operations and maintenance).

5. **Approve Amended District Information Form.** The Board reviewed the Amended District Information Form, a copy of which is attached hereto as Exhibit "D." In response to a question from Director McCavitt, Ms. Cogburn noted that the first reference to \$12,900,000 be corrected to \$27,000,000 in the fifth sentence under the Notice to Purchaser. 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 Amended District Information Form, as revised.

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 "E." Mr. Holland stated that he contacted Reliant Energy to determine the reason the District did not receive its September electric bill and to obtain verification that the District would not be penalized for non-payment. Mr. Holland reported that he would email Reliant and request a current electric bill. 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. 7615 through 7644 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 "F." Mr. Hoffman reported that the District pumped 10,288,600 gallons and purchased 5,880,000 gallons of water in September and that the District has 83,068,300 gallons and two months remaining on its Harris Galveston County Subsidence District ("HGCS D") permit.

Mr. Hoffman reviewed with the Board the maintenance items for the water plant, lift station, and water lines. Mr. Hoffman reported the processor that allows the generator to shut down was not operating properly at the water plant. Mr. Hoffman noted that the units were repaired under warranty.

Mr. Hoffman stated that during the power outage, H2O determined that the generator was not providing power to the new ammonia room. Mr. Hoffman noted that the connection was made by R & B on the wrong power source. Mr. Hoffman reported that the transfer switch for the generator has been repaired and requested the Board's approval to connect the power source at the ammonia building to the correct power source so that it can operate under generator power. Mr. Hoffman reported that check valve no. 2 needs to be replaced at the

lift station at an estimated cost of \$2,000. Director Struzick noted that H2O is authorized to make the necessary repairs at the ammonia building and the lift station without Board approval.

Mr. Hoffman reported that the manhole repairs are complete.

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.

Mr. Hoffman stated that the lead and copper sampling results are attached to the Operations Report.

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 "G." Mr. Sarman stated that TCB has gathered information on the piping materials and the manhole ID names for updating the GIS mapping system. Mr. Sarman stated that TCB will meet with H2O to discuss their outstanding material information and to clarify data entry for the forms. Mr. Sarman noted that TCB will continue to update the Board on the status of this project.

Mr. Sarman reported that TCB has finalized the Emergency Response Plan ("ERP") and that the ERPs will be distributed as requested. Mr. Sarman noted that the ERP will also be submitted to the West Harris County Regional Water Authority.

Mr. Sarman reported that TCB is preparing Phase 11 final sanitary sewer plans for H2O. Mr. Sarman noted that once completed, two copies will be submitted to H2O.

9. **Discuss update of website and preparation of newsletter.** Mr. Hoffman stated that an article on sidewalk repairs would be included in the newsletter. Director Struzick noted that the water rates for the WHCRWA will increase from \$0.65 to \$0.75 per 1,000 gallons purchased and these charges are a pass through cost to customers and notification should be included in the next newsletter.

10. **Report on CJOB meeting.** Director Struzick noted that he was not able to attend the CJOB meeting. Ms. Cogburn stated that Director Folmar of Harris County Municipal Utility District No. 162 would like to proceed with engineering plans for the Reclaimed Water System.

Ms. Cogburn noted that the Board will discuss setting a regular meeting time at the November meeting.

11. **Discuss Reclaimed Water System.** Mr. Hoffman reported that the WHCRWA has pledged to issue a credit of \$0.50 per 1,000 gallons for reclaimed water.

12. **Discuss reporting electrical usage.** There was no 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:

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Secretary, Board of Directors

(DISTRICT SEAL)