

MINUTES OF MEETING OF BOARD OF DIRECTORS

APRIL 12, 2005

THE STATE OF TEXAS
COUNTY OF HARRIS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 162

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 162 (the "District") met in regular session, open to the public, at 1301 McKinney, Houston, Texas, on April 12, 2005, at 4:00 p.m.; whereupon the roll was called of the members of the Board, to-wit:

Jerry Folmar, President
Arthur Mendizabal, Vice President
Penny Johnson, Secretary
Ralph Gingell, Assistant Secretary
John Parrish, Treasurer

All of the members of the Board were present. Also attending all or parts of the meeting were Mr. Bob Leared of Bob Leared Interests ("BLI"), tax assessor and collector for the District; Mr. Chris Hoffman of H2O Consulting ("H2O"), operator of the District's facilities; Mr. Lary Lilley of Myrtle Cruz, Inc., bookkeeper for the District; Mr. Michael Preiss and Ms. Amanda Edmunson of Turner Collie & Braden, Inc. ("TC&B"), engineers for the District; and Ms. Jana Cogburn and Ms. Kelly Covey of Fulbright & Jaworski L.L.P. ("F&J"), attorney for the District.

The President called the meeting to order in accordance with notice posted pursuant to law, copies of Certificates of Posting of which are attached hereto as Exhibit "A," and the following business was transacted:

1. **Minutes.** Consideration was given to the approval of the minutes of the meeting of March 8, 2005, previously distributed to the Board.

Director Gingell noted one typographical error in the minutes.

Upon motion by Director Gingell, seconded by Director Parrish, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the meeting of March 8, 2005, as corrected.

Ms. Covey noted that she will be preparing the minutes of the March 14, 2005 meeting for the Board's review and approval at the next meeting.

2. **Tax Assessor and Collector's Report.** The President recognized Mr. Leared, who presented to and reviewed with the Board the Tax Assessor and Collector's Report,

a copy of which is attached hereto as Exhibit "B." Mr. Leared reported that the District has collected 96.105% of its 2004 taxes.

Mr. Leared presented to and reviewed with the Board a listing of the tax rates for other districts in the vicinity of the District, a copy of which is attached hereto as Exhibit "C."

Upon motion by Director Mendizabal, seconded by Director Johnson, 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. 1140 through 1145 from the Tax Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

3. **Authorize additional 20% penalty on taxes, penalty and interest remaining delinquent on July 1, 2005.** Ms. Cogburn noted that the District has an ongoing contract with Perdue, Brandon, Fielder, Collins & Mott for the collection of delinquent taxes. Upon motion by Director Mendizabal, seconded by Director Johnson, after full discussion and the question being put to the Board, the Board voted unanimously to re-authorize an additional 20% penalty on taxes, penalty and interest remaining delinquent on July 1, 2005.

4. **Operations Report.** The President recognized Mr. Hoffman, who presented to and reviewed with the Board the Operations Report, a copy of which is attached hereto as Exhibit "D." Mr. Hoffman reported that the District pumped 2,815,000 gallons of water during the last period and that H2O accounted for 94.3% of the water pumped in the District during the last period.

Mr. Hoffman reported that the District has 79,313,000 gallons and eight months remaining on its Harris-Galveston Coastal Subsidence District ("HGCS D") Permit.

Mr. Hoffman reviewed with the Board the Maintenance Summary, a copy of which is attached to the Operations Report.

Mr. Hoffman reported that water samples are being collected and tested for radiological constituents approximately every six weeks and H2O is filing monthly reports with the TCEQ, a copy of the report is attached to the Operations Report.

Mr. Hoffman reported that hydrotank nos. 1 and 2 are back on line. Mr. Hoffman reported that while the hydrotank no. 1 was out for inspection, H2O replaced the valve on the drain line.

Mr. Hoffman reported that he is obtaining pricing to restore the polyurethane coating on the ground storage tanks.

Mr. Hoffman reported that H2O modified the exhaust on the booster pump engine to prevent water from getting into the cylinders.

Mr. Hoffman reported that H2O replaced the spark plugs on the well engine.

Mr. Hoffman reported that H2O performed the annual cathodic inspection on ground storage tanks nos. 1 and 2.

Mr. Hoffman reported that H2O repaired a leak on the hypochlorite pumps and cleaned the discharge line of calcium buildup.

Mr. Hoffman reported that the 12" water line along West Road in front of West Houston Church of Christ cracked. Mr. Hoffman reported that the line was excavated, a repair clamp was installed and the area was landscaped.

Mr. Hoffman reported that two tap line leaks were repaired in the District in the last month.

Mr. Hoffman reported that H2O excavated the area at the intersection of Highway 6 and Longenbaugh and found two valves at this location. Mr. Hoffman reported that the valve that H2O operated last month turned out to be the tapping sleeve and valve for the interconnect with Harris County Municipal Utility District No. 186. Mr. Hoffman noted that H2O did not have to install a new valve, as discussed last month.

Mr. Hoffman reported that the WHCRWA is beginning to bore under Horsepen Creek and H2O was unable to locate the water main on the south side of the creek. Mr. Hoffman reported that H2O also attempted to locate the valves on the south side of the ditch and were unsuccessful. Mr. Preiss noted that the District could hire a company with ground penetrating equipment to locate the line. Discussion ensued. It was the consensus of the Board to have Mr. Preiss obtain cost estimates and provide this information to President Folmar.

Mr. Hoffman reported that H2O is continuing on the repairs for phase 7, priority 1 sewer line repairs.

Mr. Hoffman reported that H2O installed a new clean out at 8306 Clover Gardens.

Mr. Hoffman reviewed with the Board pictures of several sidewalk settlements in the District over sewerlines or near manholes, a copy of which is attached to the Operations Report. The Board directed Mr. Hoffman to obtain an estimate to repair the sidewalks discussed and any other sidewalks in the District that have settlement due to District facilities in the area.

Mr. Hoffman reviewed with the Board a new report developed by the Water Development Board that is due in 2006, a copy of which is attached to the Operations Report.

Mr. Hoffman reported that information on the summer conservation rates will be added to the May 10, 2005 water bills.

In response to a question from Director Gingell, the Board agreed to allow the Middlegate Homeowner's Association to install a sign indicating that deed restrictions are enforced on the pole for the District's two name signs.

5. **Bookkeeper's Report.** The President recognized Mr. Lilley, who presented to and reviewed with the Board the Bookkeeper's Report, a copy of which is attached hereto as Exhibit "E." Upon motion by Director Johnson, seconded by Director Mendizabal, after full discussion and the question being put to the Board, the Board voted unanimously to accept the Bookkeeper's Report, and to authorize payment of check nos. 1614 through 1636 from the Operating Account, each in the amounts, to the persons, and for the purposes described in the Bookkeeper's Report.

6. **Engineer's Report.** The President recognized Mr. Preiss, who presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as Exhibit "F." Mr. Preiss reported that the WHCRWA tank connection and chloramine conversion project advertised from March 29, 2005 through April 12, 2005, with a pre-bid meeting to be held on April 13, 2005. Mr. Preiss reported that TC&B will be accepting bids on April 27, 2005.

Mr. Preiss reported that TC&B is finalizing the plans for the phase 7 sanitary sewer investigations. Mr. Preiss reported that plans will be presented to Mr. Hoffman prior to next month's meeting.

Mr. Preiss updated the Board on the District's facilities maps. Mr. Preiss reported the digitizing and attributing for the GIS database system has been completed. Mr. Preiss reported that TC&B is awaiting comments and maintenance data from Mr. Hoffman to complete the GIS system.

Mr. Preiss updated the Board on the contract for the concrete building. Mr. Preiss reported the block foundation for the storage building is complete. Mr. Preiss reported that tomorrow morning the roof panels are to be installed, and the contractor is waiting on the completion of the electrical work. Mr. Preiss noted that a payment request has not been submitted.

Mr. Preiss reported that the existing District water line along Highway 6 is not located in its designated 10-foot easement, which is between Willow River Drive and Horsepen Creek. Mr. Preiss reported that he will coordinate with Ms. Cogburn to resolve this matter.

7. **Approve Amended Drought Contingency Plan.** Mr. Preiss reviewed with the Board the revisions to the District's Drought Contingency Plan, a copy of which is attached to the Engineer's Report. Upon motion by Director Mendizabal, seconded by Director Johnson, after full discussion and the question being put to the Board, the Board voted unanimously to approve the revisions to the District's Drought Contingency Plan. Ms. Cogburn noted that the Board will need to receive public comments on the Drought Contingency Plan at the next meeting.

8. **Discuss Copperfield Joint Operations Board ("CJOB") meeting.** Director Folmar reported on the CJOB meeting.

9. **Discuss District communications and consider authorizing creation of web site.** The Board discussed developing a website or other method of communications to keep the residents updated on its meetings and current events relating to the District. Director Folmar stated that he discussed the possibility of obtaining a "page" on Harris County Municipal Utility

District No. 208's website with Gary Struzick. The Board noted that if the District linked with another district, it might create confusion for the residents trying to locate the District's page. Discussion ensued. It was the consensus of the Board to investigate having its own website.

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)