

MINUTES OF MEETING OF BOARD OF DIRECTORS
July 7, 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 special session, open to the public, at 7546 Club Lake Drive, Houston, Texas, at 6:30 p.m. on July 7, 2005; 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 the meeting was Ms. Erin Garcia of Myrtle Cruz, Inc., bookkeeper 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 Exhibits "A," and the following business was transacted:

1. **Review and approve budget for fiscal year ending July 31, 2006.** The Board reviewed a draft of the District's budget for fiscal year ending July 31, 2006. Discussion ensued. The Board discussed each line item of the expenditures for the upcoming budget. The Board noted that the input received from Mr. Hoffman, as well as this year's expenditures were taken into account when deciding upon the figures. Discussion ensued regarding future repair and maintenance needs, the amount of bulk water and sewer to be purchased, and the upcoming special projects for the West Harris County Regional Water Authority ("WHCRWA"). The Board then discussed the revenues portion of the budget. The Board discussed the variance of actual versus budget in sewer revenues in the current budget and what the budgeted amount should be for the upcoming year. The Board decided to decrease the amount to reflect the actuals for this year. The Board also discussed the issue with the capital credits due to the District from the WHCRWA and how upcoming credits and payments should be monitored on the budget.

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)