

MINUTES OF MEETING OF BOARD OF DIRECTORS

MARCH 14, 2006

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 March 14, 2006, at 4:00 p.m.; whereupon the roll was called of the members of the Board, to-wit:

Jerry Folmar, President
John Parrish, Vice President
Penny Johnson, Secretary
Dan Bonner, Treasurer
Emmanuel DePau, Director

All of the members of the Board were present except Director Bonner. Also attending all or parts of the meeting were Ms. Patty Rodriguez of Bob Leared Interests ("BLI"), tax assessor and collector for the District; Mr. Chris Hoffman and Mr. Steve Webb of H2O Consulting ("H2O"), operator of the District's facilities; Ms. Erin Garcia of Myrtle Cruz, Inc., bookkeeper for the District; Mr. Jerry Eastland, Mr. Bobby Adams, and Mr. Charles Eastland of Turner Collie & Braden, Inc. ("TC&B"), engineers for the District; and Ms. Jana Cogburn and Ms. Kelly Russell of Fulbright & Jaworski L.L.P. ("F&J"), attorney for the District. The President entered the meeting in progress.

The Vice 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. **Receive public comments.** There were no comments from the public.
2. **Minutes.** Consideration was given to the approval of the minutes of the meetings of February 10, 2006, February 14, 2006, and February 23, 2006, copies of which were previously distributed to the Board.

The Board noted a change to the February 10, 2006 minutes.

Mr. Hoffman noted a change to the February 14, 2006 minutes.

Upon motion by Director Johnson, seconded by Director DePau, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the meetings of February 10, 2006 and February 14, 2006, as corrected, and February 23, 2006, as presented.

3. **Review Report by Tax Assessor and Collector and authorize payment of certain bills.** The Vice President recognized Ms. Rodriguez, 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." Ms. Rodriguez reported that the District has collected 93.489% of its 2005 taxes.

Ms. Rodriguez presented to and reviewed with the Board a list of the top delinquent tax payers of the District, a copy of which is attached to Tax Assessor and Collector's Report.

Upon motion by Director Johnson, seconded by Director Folmar, 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. 1187 through 1192 from the Tax Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

4. **Authorize additional 20% penalty on taxes, penalty and interest remaining delinquent on July 1, 2006.** 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 Folmar, seconded by Director Johnson, after full discussion and the question being put to the Board, the Board voted unanimously to authorize Perdue, Brandon, Fielder, Collins & Mott to pursue collection of delinquent 2006 tax and to impose an additional 20% penalty on taxes, penalty and interest remaining delinquent on July 1, 2006.

5. **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 "C." Mr. Hoffman reported that the District pumped 901,000 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 82,450,000 gallons and nine months remaining on its Harris-Galveston Coastal Subsidence District Permit.

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

Mr. Hoffman reported that the no. 2 ground storage tank connection is complete and operational. Mr. Hoffman reported that H2O cleaned the tank while it was out of service.

Mr. Hoffman reported that the annual cathodic protection inspection is complete for ground storage tank no. 1.

Mr. Hoffman updated the Board on the WHCRWA construction and reported that the chemical feed equipment is installed and was tested on March 10, 2006. Mr. Hoffman reported that the final electrical work was completed last week and only a few punch list items remain. Mr. Hoffman reported that H2O is working with WHCRWA to adjust the controls so the well and surface water line feed at the same time. Mr. Hoffman reported that H2O started up the surface water lines and balanced the chemical feed system.

Mr. Hoffman reported that one tapline leak was repaired in the District.

Mr. Hoffman reported that the phase 7, priority one sewer line repairs that were approved last month are proceeding.

Mr. Hoffman reported that H2O cleaned the sewer line under West Road.

Mr. Hoffman reported that the data for the Texas Water Development Board water audit is being collected. Mr. Hoffman noted that the report is due on March 31, 2006.

Mr. Hoffman reported that the District's water smart application is due on April 6, 2006.

Mr. Hoffman reported that the right angle drive on the booster pump is making noise and he believes the bearing is about to go out. Mr. Hoffman reported that he will obtain the cost to make the repair and if it is more than \$2,000, he will notify the Board.

6. Review Bookkeeper's Report and authorize payment of bills; Approve Investment Report. The President recognized Ms. Garcia, who presented to and reviewed with the Board the Bookkeeper's Report and Investment Report, copies of which are attached hereto as Exhibit "D."

Ms. Garcia reported that the District has four certificates of deposits ("cds") coming due and she could renew them at good rate. Ms. Garcia noted that she could make the District's debt service payment out of the TexPool account.. Upon motion by Director Johnson, seconded by Director DePau, after full discussion and the question being put to the Board, the Board voted unanimously to have Ms. Garcia renew all four cds at the highest rate possible.

Upon motion by Director Folmar, seconded by Director DePau, 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. 1885 through 1911 from the Operating Account, each in the amounts, to the persons, and for the purposes described in the Bookkeeper's Report, and to approve the Investment Report.

7. 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."

Mr. Eastland updated the Board on the District's facilities maps. Mr. Eastland reported that TC&B is nearing completion for address matching the past maintenance records. Mr. Eastland reported that Mr. Hoffman submitted comments to TC&B regarding the District's facility map digital files he received last month and TC&B is currently in the process of reviewing and addressing Mr. Hoffman's comments. Mr. Eastland reported that TC&B is continuing to coordinate with the District's operator to incorporate the maintenance database into the GIS system

Mr. Eastland reported that a meeting was held on March 6, 2006 to discuss the reclaimed water system's capacity and each district's allocations. Mr. Eastland reported that

TC&B has prepared a cost distribution among the participating districts to construct the reclaimed water system as discussed at the meeting. Mr. Eastland reported that another reclaimed water system meeting is scheduled for April 3, 2006.

Upon motion by Director Johnson, seconded by Director DePau, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Engineer's Report.

8. **Discuss new ethics training.** Ms. Cogburn reported that effective January 1, 2006, elected and appointed public officials are required by a new state law to receive training in Texas open government laws. Ms. Cogburn reported that there is a link on the Texas Attorney General's website that allows directors to view this information. Ms. Cogburn reported that she would provide more information next month.

9. **Discuss Copperfield Joint Operations Board ("CJOB") meeting.** Director Folmar that the Board voted to increase the per connection sewer charge by \$0.50 making it \$8.00 per connection, effective immediately.

10. **Discuss communications and creation of web site.** Director Johnson updated the Board on the creation of the District's website.

11. **Election of Officers.** The Board discussed the following slate:

President	Jerry Folmar
Vice President	John Parrish
Secretary	Penny Johnson
Assistant Secretary	Emmanuel DePau
Treasurer	Dan Bonner

Upon motion duly made and seconded, after full discussion and the question being put to the Board, the Board voted unanimously to accept the slate as presented.

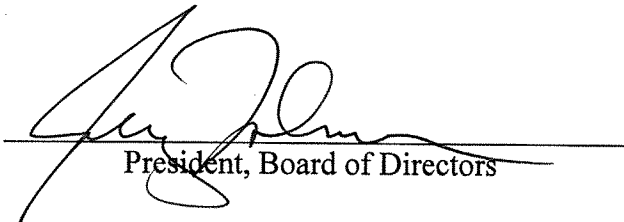
THERE BEING NO FURTHER BUSINESS to come before the Board, the meeting was adjourned.

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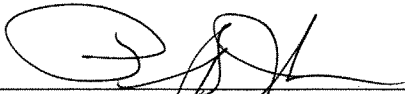
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The foregoing minutes were passed and approved by the Board of Directors on April 11, 2006


President, Board of Directors

ATTEST:



Secretary, Board of Directors

(District Seal)

