

MINUTES OF MEETING OF BOARD OF DIRECTORS

APRIL 11, 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 April 11, 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 Parrish. 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 of H2O Consulting ("H2O"), operator of the District's facilities; Ms. Erin Garcia of Myrtle Cruz, Inc., bookkeeper for the District; 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 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 March 6, 2006 and March 14, 2006, copies of which were previously distributed to the Board. 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 March 6, 2006 and March 14, 2006, as presented.
3. **Adopt Order Declaring Unopposed Candidates Elected to Office.** Ms. Cogburn noted that no applications to be a candidate for director have been received from anyone except the incumbent directors and presented to the Board a certification from the Secretary of the Board stating that the candidates are unopposed for election to office. Upon motion by Director Bonner, seconded by Director DePau, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Order Declaring Unopposed Candidates Elected to Office, a copy of which is attached hereto as Exhibit "B."



Meetings and Open Records

4. **Discuss Open Government Law 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 and instructed the directors on how to access such training.

5. **Review Report by Tax Assessor and Collector and authorize payment of certain bills.** The 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 "C." Ms. Rodriguez reported that the District has collected 95.039% 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 DePau, 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. 1193 through 1199 from the Tax Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

6. **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 2,809,000 gallons of water and purchased 8,598,000 gallons of water from the West Harris County Regional Water Authority ("WHCRWA") during the last period and that H2O accounted for 91.0% of the water pumped in the District during the last period.

Mr. Hoffman reported that the District has 79,641,000 gallons and eight months remaining on its Harris-Galveston Coastal Subsidence District Permit.

Mr. Hoffman reported that tomorrow he will be meeting with representatives of the WHCRWA and Troy Anthony to discuss the damages from the surface water conversion construction.

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. 1 ground storage tank connection is complete and the tank is operational.

Mr. Hoffman updated the Board on the WHCRWA construction. Mr. Hoffman reported that the chemical feed equipment is installed, but it is still not automated for WHCRWA flow. Mr. Hoffman reported that the chemical booster pump is operating hot and the contractor has been notified. Mr. Hoffman noted that the final electrical work is complete.

Mr. Hoffman reported that the well control settings were adjusted, so they come on with the surface water line. Mr. Hoffman reported that this process has been successful in providing a near 50% blend.

Mr. Hoffman reviewed with the Board a sample meter testing report that was used as part of the Texas Water Development Board audit.

Mr. Hoffman reported that the phase 7, priority one sewer line repairs are complete.

Mr. Hoffman reported that the Texas Water Development Board water audit was submitted electronically on March 31, 2006. Mr. Hoffman noted that the report is attached to the Operations Report.

Mr. Hoffman reported that the District's water smart application was submitted on April 5, 2006. Mr. Hoffman noted that the application is attached to the Operations Report.

7. 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 "E."

In response to a question from the Board, Ms. Garcia reported that the maturities of District's certificates of deposit are staggered, so money will be available when needed.

Upon motion by Director Bonner, seconded by Director Johnson, after full discussion and the question being put to the Board, the Board voted unanimously to accept the Bookkeeper's Report, to authorize payment of check nos. 1913 through 1934 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.

8. 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 "F."

Mr. Eastland reported that the District is currently receiving water from the WHCRWA water and blending 50% WHCRWA water and 50% District well water. Mr. Hoffman reported that the chemical feed system is usable; however, TC&B is waiting on an electrical panel submittal from the contractor. Mr. Eastland reported that currently there is no automatic feed to the WHCRWA water.

Mr. Eastland reviewed with the Board progress payment no. 7 from R&B Group Inc., in the amount of \$7,290.00, as submitted by the contractor for work completed to date, a copy of which is attached to the Engineer's Report. The Board directed Mr. Eastland to communicate to the contractor that the payment will not be released until all the work is completed.

Mr. Eastland updated the Board on the District's facilities maps. Mr. Eastland reported that TC&B is performing a final review for the address matching of the past maintenance records and is coordinating with Mr. Hoffman to address their remaining comments regarding the District's facility map digital files.

Mr. Eastland reported that a meeting was held on April 3, 2006 to discuss the reclaimed water system's capacity and each district's allocation. Mr. Eastland stated that based on discussions at the meeting, TC&B is preparing a summary of environmental and other benefits of utilization of reclaimed water and has prepared graphs of each district's individual water rate as compared to WHCRWA surface water rates. Mr. Eastland reported that he should have this out to the Board by tomorrow. Discussion ensued.

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.

9. **Discuss Copperfield Joint Operations Board ("CJOB") meeting.** Director Folmar updated the Board on the most recent meeting.

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

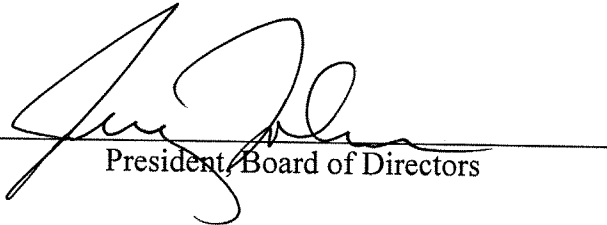
THERE BEING NO FURTHER BUSINESS to come before the Board, the meeting was adjourned.

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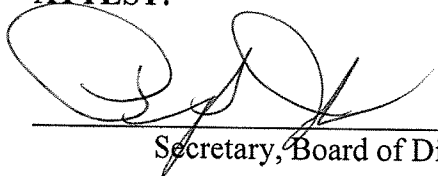
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The foregoing minutes were passed and approved by the Board of Directors on May 9, 2006



President, Board of Directors

ATTEST:


Secretary, Board of Directors

(District Seal)

