

MINUTES OF MEETING OF BOARD OF DIRECTORS  
March 13, 2007

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 13, 2007, 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  
Steve Rickelman, Assistant Secretary  
Emmanuel DePau, Treasurer

All of the members of the Board were present. 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. Steve Webb of H2O Consulting ("H2O"), operator of the District's facilities; Ms. Erin Garcia of Myrtle Cruz, Inc., bookkeeper for the District; Mr. Tony Sarman of TCB, Inc. ("TCB"), engineer for the District; and Ms. Nancy Green of Fulbright & Jaworski L.L.P. ("F&J"), attorneys 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 meeting of February 13, 2007, a copy of which was previously distributed to the Board. Upon motion by Director Parrish, seconded by Director Rickelman, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the meeting of February 13, 2007, as presented.
3. **Review Tax Assessor and Collector's Report 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 and a list of delinquent tax payers, copies of which are attached hereto as Exhibit "B." Ms. Rodriguez reported that the District has collected 99.263% of its 2005 taxes and 91.391% of its 2006 taxes.

Ms. Rodriguez reported that the appraised value on the property for McDonalds Highway 6 #2, LTD had been reduced by the Harris County Appraisal District to \$850,000 and that because of the reduction, the District will owe a tax refund for its 2005 taxes.

Upon motion by Director Johnson, seconded by Director Rickelman, 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. 1245 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.

4. **Operations Report.** The President recognized Mr. Webb, who presented to and reviewed with the Board the Operations Report, a copy of which is attached hereto as Exhibit "C." Mr. Webb reported that the District pumped 2,948,000 gallons of water and purchased 3,408,000 gallons of water from the West Harris County Regional Water Authority ("WHCRWA") during the last period and that H2O accounted for 97.6% of the water pumped and purchased by the District during the last period.

Mr. Webb reported that the District has 169,989,000 gallons and nine months remaining on its 2007 Harris-Galveston Coastal Subsidence District Permit.

Mr. Webb reported on the District's builder damages and noted that Time Warner needs to remove a cable from one of the District's manholes.

Mr. Webb reviewed with the Board the Maintenance Summary, a copy of which is attached to the Operations Report. Mr. Webb reported that H2O inspected manholes throughout Southdown Village Section 1 and has begun the repairs to the manholes. Mr. Webb stated that the SWPP Inspection was conducted on Friday, February 23, 2007.

5. **Review Bookkeeper's Report and authorize payment of bills.** 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 reviewed the Operating Budget for Fiscal Year Ending July 31, 2007, a copy of which is attached to the Bookkeeper's Report. Discussion ensued regarding the \$76,220.26 variance for the sewer revenue.

Upon motion by Director Parrish, seconded by Director Rickelman, 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. 2187 through 2207 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.

6. **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 "E." Mr. Sarman reported that TCB prepared a draft letter to the West Harris County Regional Water Authority ("WHCRWA") requesting reimbursement of surface water conversion construction items performed by the District Operator or other outside sources, a copy of which is attached to the Engineer's Report. Mr. Sarman noted that TCB sent a request to Wayne Ahrens for a meeting between Skipper Rush, Director Folmar, and TCB to discuss the reimbursement limitations.

Director Parrish reported that he attended the WHCRWA Design Review Meeting on February 6, 2007 and reviewed with the Board the discussions that occurred at the meeting.

Mr. Sarman reported that Mr. Ahrens has indicated the WHCRWA's GIS mapping for the Copperfield area is substantially complete and that he will discuss releasing the shape file to the District at the next WHCRWA Board meeting.

Mr. Sarman reported that TCB submitted the electronic copy of the Water Conservation Plan to the WHCRWA on March 7, 2007.

Mr. Sarman stated that, as requested at the CJOB meeting on October 4, 2006, TCB is holding any further design work on the Reclaimed Water System until notified to proceed.

Mr. Sarman reported that TCB is holding the request for Progress Payment No. 15 to R&B Group until further notification from the Board.

7. **Discuss Reclaimed Water System.** This item was discussed in the Engineer's Report.

8. **Discuss Copperfield Joint Operations Board "CJOB" meeting.** Director Folmar reported that the grit auger is being replaced and that CJOB is weighing the decision to replace one of the multi-stage blowers with a single-stage blower.

9. **Discuss and take action to finalize contract with R&B Group.** President Folmar announced an executive session pursuant to Texas Government Code section 551.071. President Folmar announced that the date of the meeting is March 13, 2007 and that the time is 4:55 p.m.

Upon conclusion of the closed meeting, the Board reconvened in open session. Director Folmar announced that the date is March 13, 2007 and that the time is 5:05 p.m.

Upon motion by Director Parrish, seconded by Director Johnson, after full discussion and the question being put to the Board, the Board voted unanimously to adjourn the meeting.

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

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

