

MINUTES OF MEETING OF BOARD OF DIRECTORS  
May 8, 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 May 8, 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 except Director Folmar. Also attending all or parts of the meeting were Mr. Michael Keefe 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 and Mr. Tony Sarman of TCB, Inc. ("TCB"), engineers for the District; and Ms. Jana Cogburn and Ms. Nancy Green of Fulbright & Jaworski L.L.P. ("F&J"), attorneys for the District.

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 meeting of April 10, 2007, a copy of which was previously distributed to the Board. 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 approve the minutes of the meeting of April 10, 2007, as presented.
3. **Review Tax Assessor and Collector's Report and authorize payment of certain bills.** Director Parrish recognized Mr. Keefe, 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." Mr. Keefe reported that the District has collected 95.379% of its 2006 taxes.

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. 1254 through 1259

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.** Director Parrish 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 8,642,000 gallons of water and purchased 12,618,000 gallons of water from the West Harris County Regional Water Authority ("WHCRWA") during the last period and that H2O accounted for 92.3% of the water pumped and purchased by the District during the last period.

Mr. Hoffman reported that the District has 154,366,000 gallons and seven months remaining on its 2007 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 starter on the well engine has failed and H2O is in the process of replacing it.

Mr. Hoffman reported that H2O installed a wash down line and hose reel in the chlorine room.

Mr. Hoffman reported that H2O received correspondence from a customer at 15211 Windy Cover regarding settlement near their driveway, a copy of which is attached to the Operations Report. Mr. Hoffman reported that H2O investigated the settlement and there is no evidence that the settlement was caused by a leak from the District's lines. The Board requested that Mr. Hoffman report the findings to the customer.

Mr. Hoffman reported that H2O is waiting on Time Warner to relocate a cable at 15414 Sterling Lake. Mr. Hoffman also noted that Southwestern Bell damaged a customer's sewer line near the District's manhole at 7715 Oakwood Lakes and that in order for the plumber to repair the line, the plumber had to relocate the tap into the manhole. Mr. Hoffman stated that the District has sealed the manhole and inspected the repair.

Mr. Hoffman reported that a customer fell into a sinkhole that developed after the last rain storm at Club Lake, between Mesa Gardens and Ridge Park. Mr. Hoffman stated that H2O repaired the manhole and sealed it from top to bottom. Mr. Hoffman noted that the sinkhole was filled and the area under the driveway was stabilized.

Mr. Hoffman reported that the WHCRWA requested that the District complete a questionnaire regarding their Emergency Response Plan ("ERP"). Mr. Hoffman recommended that the District develop an ERP and noted that TCB would discuss the ERP preparation during the Engineer's Report.

5. **Approve Consumer Confidence Report.** Mr. Hoffman reviewed with the Board the draft Water Quality Report, a copy of which is attached to the Operations Report. Mr. Hoffman stated that if the draft report met the Board's approval, it would be mailed to customers with their next water bill. Upon motion by Director DePau, seconded by Director Johnson, after full discussion and the question being put to the Board, the Board voted

unanimously to approve and authorize H2O to mail the Water Quality Report to customers with their next water bill.

**6. Review Bookkeeper's Report and authorize payment of bills.**

Director Parrish 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 Comparison, a copy of which is attached to the Bookkeeper's Report. Upon motion by Director Rickelman, 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, to authorize payment of check nos. 2234 through 2249 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 Vice 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. Eastland requested approval to submit the District's updated additional reimbursement items to the West Harris County Regional Water Authority ("WHCRWA").

Mr. Sarman reported that as directed at the joint special meeting involving the Copperfield municipal utility districts and Skipper Rush on April 5, 2007, TCB is preparing a breakdown of the engineering cost for each district into subcategories for design, construction, supervision, air gap, and manual vs. automatic controls. Mr. Sarman reviewed with the Board the breakdown of costs listed in the Engineer's Report. Extensive discussion ensued regarding the breakdown of costs. Mr. Sarman also noted that the WHCRWA has approved an increase in reimbursement of engineering fees to 25% of construction costs.

Mr. Sarman reported that TCB has finalized the Electronic Media Release Agreement with the WHCRWA to release their shape file for the Copperfield area for inclusion in the Copperfield GIS map. Mr. Sarman stated that TCB has contacted LAN and expects to receive the shape files this week. Mr. Sarman noted that the shape files will be incorporated into the current Copperfield GIS map.

Mr. Sarman reported that H2O forwarded a request from LAN on behalf of WHCRWA to compile information from the District related to ERPs. Mr. Sarman noted that H2O is submitting a copy of the ERP for Harris County Municipal Utility District No. 186 ("No. 186") and Harris County Municipal Utility District No. 208 ("No. 280") to the WHCRWA in lieu of replying to the questionnaire. Mr. Sarman requested the Board's approval to prepare an ERP for the District so that TCB could submit the plan to the WHCRWA and the District could use the plan in the future. Mr. Sarman stated that TCB's cost to prepare an individual ERP is approximately \$11,000 and TCB's cost to incorporate the District's information into the No. 186 and No. 208 ERP is approximately \$5,000. Mr. Sarman stated that the District will need No. 186 and No. 208's approval to incorporate their plan. Mr. Sarman stated the ERP preparation will take approximately one month to prepare for the District. Ms. Cogburn requested that Mr. Eastland review the cost estimates. Mr. Eastland reported that he would reassess the costs and resubmit the proposal to the District for the ERP.

Mr. Sarman reported that TCB has received a set of plans for preliminary review for a Service King auto repair shop being developed at the northern boundary of the wastewater treatment plant and that TCB has requested a \$5,000 retainer from Service King for the review.

Mr. Sarman reported on that TCB contacted the TCEQ regarding groundwater contamination on 8475 Highway 6 North at Village Cleaners. Mr. Sarman stated that TCB left a message for the TCEQ project manager requesting status of the cleanup activities, but has not received a response.

8. **Discuss Reclaimed Water System.** Mr. Sarman stated that there is nothing new to discuss on the Reclaimed Water System Agreement and noted that TCB is holding progress payment no. 5.

9. **Discuss Copperfield Joint Operations Board “CJOB” meeting.** Director Parrish reported that there was minimal discussion regarding the Reclaimed Water System and that the Board is waiting on Harris County Municipal Utility District No. 163 to respond to the contract revisions.

10. **Executive session pursuant to Section 551.071 of the Texas Government Code, as amended to discuss and take action to finalize the contract with the R&B Group.** There was no action taken.

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