

MINUTES OF MEETING OF BOARD OF DIRECTORS  
June 12, 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 June 12, 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. Chris Hoffman of H2O Consulting ("H2O"), operator of the District's facilities; Ms. Erin Garcia of Myrtle Cruz, Inc., bookkeeper for the District; Mr. Bobby Adams and Mr. Tony Sarman of TCB, Inc. ("TCB"), engineers for the District; Mr. David L. Merritt, auditor for the District; and Ms. Jana Cogburn 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 May 8, 2007, a copy of which was previously distributed to the Board. Upon motion by Director Johnson, seconded by Director Parrish after full discussion and the question being put to the Board, the Board voted unanimously, with Director Folmar abstaining, to approve the minutes of the meeting of May 8, 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 95.880% of its 2006 taxes. Ms. Rodriguez noted that Copperfield Athletic Corporation paid their delinquent taxes in full.

Upon motion by Director Johnson, seconded by Director Rickelmann, 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. 1260 through 1267 from the Tax Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

4. **Engage Auditor for the fiscal year ending July 31, 2007.** Director Folmar recognized Mr. Merritt, who presented to and reviewed with the Board the Auditor Engagement Letter, a copy of which is attached hereto as Exhibit "C."

Mr. Merritt reviewed with the Board the provisions of the new Statement on Auditing Standard No. 112. Extensive discussion ensued. Upon motion by Director DePau, seconded by Director Parrish, after full discussion and the question being put to the Board, the Board voted unanimously to engage Mr. Merritt to perform the District's audit for fiscal year ending July 31, 2007. The Board also agreed that it will review alternatives to respond to the "material weakness" issue for its 2008 audit report.

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 "D." Mr. Hoffman reported that the District pumped 9,591,000 gallons of water and purchased 13,091,000 gallons of water from the West Harris County Regional Water Authority ("WHCRWA") during the last period and that H2O accounted for 94.3% of the water pumped and purchased by the District during the last period. Mr. Hoffman reported that H2O closed the interconnect to Harris County Municipal Utility District No. 179 on June 8, 2007.

Mr. Hoffman reported that the District has 144,775,000 gallons and six 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 noted that H2O performed annual maintenance and repairs to the well engine and the booster pump engine.

Mr. Hoffman reported that manhole repairs in the District are complete. Mr. Hoffman noted that AT&T damaged a customer's sewer line at 7715 Oakwood Lakes and that in order to repair the customer's line, a plumber had to relocate the tap into the manhole. Mr. Hoffman stated that H2O had to then seal the tap and inspect the repairs to the sewer line. Mr. Hoffman requested the Board's approval to send duplicate repair documentation to the customer so that the customer could forward the charges to AT&T for reimbursement. Upon motion by Director Johnson, seconded by Director Parrish, after full discussion and the question being put to the Board, the Board voted unanimously to authorize Mr. Hoffman to submit duplicate documentation to the customer and to allow (90) days from June 12, 2007 for the customer to pay the District.

Mr. Hoffman reported that vandalism occurred at the water plant on the evening of June 10, 2007 and noted that the sheriff's office was contacted. Mr. Hoffman stated that the chlorine analyzer, control room, ammonia room door and chemical pump control panel was damaged. Mr. Hoffman noted that the GST #2 is not connected to the low or high level alarm system and recommended installing a sensor line to the GST and the control panel and connecting both to the alarm system.

Mr. Hoffman reported that the annual fire hydrant lubrication and inspection is scheduled for June.

Mr. Hoffman reported that the annual water quality report is attached to the Operations Report and that it was mailed to customers with the last water bill and is also available for viewing on the District's website.

6. **Approve Emergency Response Plan.** Mr. Sarman requested the Board's approval to authorize TCB to prepare an Emergency Response Plan ("ERP") for the District at an estimated cost of \$7,000. Mr. Sarman stated that the ERP would be part of a joint plan with HCMUD Nos. 186 and 208. Mr. Hoffman stated that the ERP would contain exhibits of the water plant, emergency contact information, emergency handler phone numbers, the chlorine supplier information, media phone numbers as well as sources of water for the District. 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 authorize TCB to prepare an ERP at an estimated cost of \$7,000.

7. **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 "E." Ms. Garcia reviewed the Operating Budget Comparison, a copy of which is attached to the Bookkeeper'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 Bookkeeper's Report, to authorize payment of check nos. 2251 through 2274 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. **Approve Budget for the fiscal year ending July 31, 2008.** No action was taken.

9. **Review Ethics Policy.** Ms. Cogburn reviewed with the Board the District's Ethics Policy.

10. **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 "F."

Mr. Sarman reported that TCB sent the reimbursement submittal to the West Harris County Regional Water Authority ("WHCRWA") on June 6, 2007. Mr. Sarman stated that TCB added the EP Brady damages to the submittal as directed by the attorney for the WHCRWA. Mr. Sarman noted that a copy of the cover letter and reimbursement summary tables are attached to the Engineer's Report.

Mr. Sarman reported that TCB has prepared a memo, a copy of which is attached to the Engineer's Report, to address possible updates to the Copperfield GIS map. Mr. Sarman stated that TCB will finalize the proposal to address the updates as directed by the Board.

Mr. Sarman reported that TCB talked with Ralael Servantes of Bleyl Engineering on May 24, 2007 and informed him that TCB requested a \$5,000 retainer to prepare a plan review for Service King. Mr. Sarman noted that although Mr. Servantes stated that Service King has revised their plans, TCB has not received the revisions or the retainer.

Mr. Sarman reported that TCB has attempted to contact the TCEQ project manager requesting a status of the cleanup activities at 8475 Highway 6 North at Village Cleaners, but has not yet received a response.

11. **Discuss Reclaimed Water System.** Mr. Sarman stated that the status of the Reclaimed Water System has not changed. Discussion ensued on how to get this project moving forward again.

12. **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.

13. **Discuss Copperfield Joint Operations Board “CJOB” meeting.** Director Parrish reported on the discussions at the CJOB 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

\_\_\_\_\_.

\_\_\_\_\_  
President, Board of Directors

**ATTEST:**

\_\_\_\_\_  
Secretary, Board of Directors