

MINUTES OF MEETING OF BOARD OF DIRECTORS
August 14, 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 August 14, 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 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. Tony Sarman and Mr. Bobby Adams 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 meetings of July 10, 2007, copies of which were 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 July 10, 2007, as presented.
3. **Review Tax Assessor and Collector's Report 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 and a list of delinquent taxpayers, copies of which are attached hereto as Exhibit "B." Ms. Rodriguez reported that the District has collected 98.19% of its 2006 taxes. Ms. Rodriguez noted that customer addresses were added to the delinquent taxpayers list.

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. 1271 through 1275 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 Vice 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 2,386,000 gallons of water and purchased 7,406,000 gallons of water from the West Harris County Regional Water Authority ("WHCRWA") during the last period and that H2O accounted for 93.8% of the water pumped and purchased by the District during the last period.

Mr. Hoffman reported that the District has 137,257,000 gallons and four 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 installation of the additional sensor line to GST #2 is complete and should be invoiced next month. Mr. Hoffman reported that the well was treated for iron bacteria as discussed last month and that H2O has seen a reduction in the chlorine demand since the treatment. Mr. Hoffman stated that the annual cathodic protection inspection is complete and no problems were found. Mr. Hoffman reported that H2O replaced the chlorine line and site glass on the chlorine storage tank. Mr. Hoffman reported that the well check valve was replaced on the well header.

Mr. Hoffman reviewed with the Board the water line maintenance. Mr. Hoffman reported that the fire hydrant pressure washing and painting throughout the District is complete. Mr. Hoffman stated that H2O replaced a leaking tapline leak at 15311 Windy Cove. Mr. Hoffman reported that H2O completed manhole repairs at Club Lake between Ridge Park and Mesa Garden and noted that the entire manhole was sealed and filled with a stabilized material. Mr. Hoffman reported that H2O replaced the manhole lid and ring and sealed the manhole at the firestation.

Mr. Hoffman reported that water bill inserts from Payne Communications can be purchased annually at a cost of \$0.39 per household. Mr. Hoffman noted that an additional fee would be incurred for stuffing the inserts into the water bills. The Board discussed mailing the inserts on a quarterly basis.

Mr. Hoffman reported that H2O performed calibrations on two schools in the District and, in the process, discovered cracks in the vault meter housing at Lowry Elementary. Mr. Hoffman stated that H2O would prepare price options to repair the housing for the Board's review next month.

5. **Review Bookkeeper's Report and authorize payment of bills.** The Vice 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 Comparison, a copy of which is attached to the Bookkeeper's Report. Upon motion by Director DePau, 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. 2298 through 2316 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. **Review Investment Policy.** This item was deferred.

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. Sarman stated that TCB has submitted the draft Emergency Response Plan ("ERP") to H2O Consulting for final review and comment. Mr. Hoffman noted that once a final draft is complete, TCB would submit the plan to the Board.

Mr. Sarman requested the Board's approval to update the GIS map based on the proposal which is attached to the Engineer's Report. Mr. Sarman reported that Harris County Municipal Utility District Nos. 186 and 208 approved option three. Upon motion by Director DePau, seconded by Director Rickelman, after full discussion and the question being put to the Board, the Board voted unanimously to approve option three for the District's GIS map updates at a cost of \$8,615.83.

Mr. Sarman reported that TCB is reviewing the updated set of plans from Service King Auto Repair ("Service King"). Mr. Sarman noted that TCB will submit the set of plans to H2O for review and comment, along with TCB's draft comments letter to the developer.

Mr. Sarman reported that the response from the TCEQ project manager for the clean up activities at 8475 Highway 6 North at Village Cleaners is attached to the Engineer's Report.

8. **Discuss Reclaimed Water System.** The Vice President reported that the Reclaimed Water System Agreement was discussed at the CJOB meeting and that Director Jackson of Harris County Municipal Utility District No. 163 ("No. 163") did not provide any new information regarding No. 163's position on the agreement.

9. **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 executive session.

10. **Discuss Copperfield Joint Operations Board "CJOB" meeting.** Director Parrish reported on the discussions at the CJOB meeting and noted that Mr. Munn presented a brief review of the single stage blower. Director Parrish stated that the Board wanted hard evidence that the Sewage Treatment Plant would save money on energy costs with the blower. Mr. Hoffman noted that the fat-head minnow retest was good and that the District would return to quarterly sampling.

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

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The foregoing minutes were passed and approved by the Board of Directors on

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President, Board of Directors

ATTEST:

Secretary, Board of Directors