

MINUTES OF MEETING OF BOARD OF DIRECTORS
February 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 February 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. 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 TCB, Inc. ("TCB"), engineer for the District; and Ms. Jana Cogburn, Ms. Heather Kubiak 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 January 9, 2007, a copy of which was previously distributed to the Board. 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 approve the minutes of the meeting of January 9, 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 99.164% of its 2005 taxes and 90.789% 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. 1243 and 1244 from the Tax Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

4. **Consider action to finalize contract with R&B Group.** The President recognized Ms. Kubiak, who reviewed with the Board her strategy for finalizing the R&B Group contract. 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 authorize Ms. Kubiak to contact R&B Group on behalf of the District.

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 "C." Mr. Hoffman reported that the District pumped 2,952,000 gallons of water and purchased 3,890,000 gallons of water from the West Harris County Regional Water Authority ("WHCRWA") during the last period and that H2O accounted for 98.6% of the water pumped and purchased by the District during the last period.

Mr. Hoffman reported that the District has 172,973,000 gallons and 10 months remaining on its 2007 Harris-Galveston Coastal Subsidence District Permit.

Mr. Hoffman reviewed with the Board the Water Accountability Report, a copy of which is attached to the Operations Report. Mr. Hoffman reported that the District sold 54,000 gallons of water to Harris County Municipal Utility District No. 186 and 77,000 gallons of water to Harris County Municipal Utility District 208 during the last period.

Mr. Hoffman reviewed with the Board the Maintenance Summary, a copy of which is attached to the Operations Report. Mr. Hoffman noted that there were no new items to report on water plant maintenance.

Mr. Hoffman reported that H2O repaired a water main at 15227 Windy Cove and a leaking tap line at 15310 Meadow Village.

Mr. Hoffman stated that H2O repaired a manhole at 15418 Glenwood Park and discovered a cable television line bored through the manhole walls. He noted the cable company will be billed for the repair costs.

Mr. Hoffman reported that H2O inspected manholes throughout Middlegate Village Section 1 and started the repairs noted in the report.

6. **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."

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. 2164 through 2184 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. **Approve Investment Report.** This item was approved with the Bookkeeper's 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 "E."

Mr. Eastland reported that TCB attended the West Harris County Regional Water Authority ("WHCRWA") Design Review Meeting on February 6, 2007. Mr. Eastland reported that the WHCRWA has stood by its 15% construction cost limitation for engineering and added that the WHCRWA is not allowing reimbursement for operator coordination but is allowing reimbursement for operator costs for construction work. Mr. Eastland noted that TCB has prepared an additional request for reimbursement of construction items performed by the District Operator and that a copy of the letter is attached to the Engineer's Report.

Mr. Eastland stated that TCB emailed Mr. Ahrens on February 5, 2007 to request the final status of the WHCRWA's GIS mapping, but has not received a response at this time. Mr. Eastland noted that TCB will continue to coordinate with WHCRWA to receive the shape file of the WHCRWA lines when it is complete. Upon completion, Mr. Eastland stated the shape file will be incorporated into the Copperfield GIS mapping file.

Mr. Eastland reported that TCB submitted the electronic copy of the Water Conservation Plan to the WHCRWA on February 7, 2007 as requested by the District, and that the hard copy of the plan was mailed to the WHCRWA on February 9, 2007. Mr. Eastland stated that the final plan is being distributed to the District Attorney and District Operator today and that upon request, electronic copies or additional hard copies of the plan can be prepared.

Mr. Eastland 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. Eastland noted that TCB has updated the project schedule, as requested, to estimate the time requirements for completing the reclaimed water system.

Mr. Eastland reported that TCB provided information on R&B Group's liquidated damages to F&J on January 22, 2007, in the amount of \$10,348.63.

9. **Review and approve Water Conservation Plan.** This item was approved and submitted as reported in the Engineer's Report.

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

11. **Discuss Copperfield Joint Operations Board "CJOB" meeting.** The President reviewed the highlights of the CJOB meeting.

12. **Consider and approve action authorizing electronic document recording, director access, and establishing an extranet for District Directors and consultants.** 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 F&J to electronically record District documents, provide director access and establish an extranet for District directors and consultants at a cost of \$4,500.

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:

Secretary, Board of Directors