

MINUTES OF MEETING OF BOARD OF DIRECTORS
July 2, 2008

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 special session, open to the public, at 8135 Silent Cedars Club Lake Drive, Houston, Texas, 77095 on July 2, 2008, at 6:30 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 Mr. Terry Holland of Myrtle Cruz ("MC"), bookkeeper for the District and Mr. Chris Hoffman of H2O Consulting ("H2O"), operator of the District's facilities.

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. **Discuss and approve budget for the fiscal year ending July 31, 2009.**

It was the consensus of the Board to approve the following changes to the budget for the fiscal year ending July 31, 2009:

- (1) WHCRWA Revenue was renamed Surcharge and increased to \$160,000;
- (2) Expenses were changed on several items;
- (3) Legal Fees Special were reduced to \$0 and Total Legal was changed to \$35,000;
- (4) Engineer Fees Special (renamed) were reduced to \$0 and Total Engineering reduced to \$50,000;
- (5) R&M Water Distribution was reduced from \$90,000 to \$75,000;
- (6) Water Line Replacement was added to Special Projects for \$100,000;
- (7) Retained Reclaim Water Design for \$60,000;
- (8) WHCRA Connection and Chloramine Conversion lines were removed;

It was the consensus of the Board to approve the budget with the amendments listed above.

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