

MINUTES OF MEETING OF BOARD OF DIRECTORS
February 12, 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 regular session, open to the public, at 1301 McKinney, Houston, Texas, on February 12, 2008, 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; Mr. Terry Holland of Myrtle Cruz, Inc., bookkeeper for the District; 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 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. **Minutes.** Consideration was given to the approval of the minutes of the meeting of January 8, 2008, 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 8, 2008, as presented.

2. **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 taxpayers, copies of which are attached hereto as Exhibit "B." Ms. Rodriguez reported that the District has collected 92.571% of its 2007 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. 1293 through 1295 from the Tax Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

3. **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 "B." Mr. Hoffman reported that the District pumped 3,195,000 gallons of water and purchased 4,970,000 gallons of water from the West Harris County Regional Water Authority ("WHCRWA") during the last period and that H2O accounted for 90.9% of the water pumped and purchased by the District during the last period.

Mr. Hoffman reported that the District has 163,091,000 gallons and 10 months remaining on its 2008 Harris-Galveston Coastal Subsidence District Permit.

Mr. Hoffman stated that Harris County Municipal Utility District No. 188 went on interconnect with the District for approximately one week.

Mr. Hoffman reported that Time Warner denied the \$4,417.88 builder damage claim and that the \$1,358.72 claim is being processed by their insurance company.

Mr. Hoffman reviewed with the Board the Maintenance Summary, a copy of which is attached to the Operations Report. Mr. Hoffman reported that the estimated cost for installing four fake cameras on two buildings and two light poles in the back of the Plant is approximately \$1,000. It was the consensus of the Board to install the four fake cameras at an estimated cost of \$1,000.

Mr. Hoffman reviewed with the Board the water line maintenance and reported that commercial meter testing of the remaining top 10 users is complete. Mr. Hoffman stated that a copy of the summary of testing is attached to the Operations Report. Mr. Hoffman recommended repairs to four meters at an estimated cost of \$2,685. 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 repair the meters at an estimated cost of \$2,685.

Mr. Hoffman reported on sewer line maintenance and noted that the manhole repairs at Logenbaugh and Brook Springs and at Willow River and Town Creek are scheduled.

Mr. Hoffman reported that H2O filed the annual report with HGCSO.

4. **Review Bookkeeper's Report and authorize payment of bills.** The President recognized Mr. Holland, 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 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. 2447 through 2466 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.

5. **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 "E."

Mr. Sarman reported on the GIS map updates and stated that TCB will complete the draft forms and map updates for H2O's review. Mr. Sarman reported that TCB anticipates having the completed draft updates by the February meeting.

Mr. Sarman reported on the estimates for the asbestos cement pipe repairs. Mr. Sarman stated that TCB has submitted materials to Insituform to prepare cost estimates for the water line improvements and has not received any further communication from Insituform.

Mr. Sarman reported that as requested by the Board, TCB has submitted an email to Service King to address the District's concerns with the sediment runoff from the construction site.

6. **Discuss Reclaimed Water System ("RWS").** Mr. Sarman reviewed with the Board the rough costs for consideration of a stand alone RWS for the District, a copy of which is attached to the Engineer's Report. Mr. Sarman stated that the rough costs are based on the following assumptions:

- The distribution lines used are based on the current reclaim model and maintain all the current model diameters.
- Only the lines used to serve the District meters were used in the estimate.
- Additional pipe lengths were added to the rough costs to account for connection of the southern water meters (that were connected through HCMUD No. 186 in the current model). The pipe diameters are assumed to be six-inch lines and the routes may require adjustment.
- For the treatment costs, TCB has lowered the quantity costs on some of the items based on reasonable system downsizing; however, additional review and calculations will be required to achieve better accuracy.

Mr. Sarman stated that the Harris County Municipal Utility District No. 208 ("No. 208") requested a cost estimate for TCB to complete the engineering plans for the RWS. Director Folmar recommended that the District help No. 208 offset any cost of such work. Discussion ensued on having TCB refine the engineering estimates for a stand alone RWS. 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 Director DePau and Director Folmar to direct TCB to review the stand alone cost estimates at a cost not to exceed \$5,000 and subject to Board approval.

7. **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.

8. **Discuss CJOB meeting.** Director Folmar reported that H2O presented a table of useful life estimates on assets at the sewage treatment plant. Director Folmar stated that CJOB would have 90 days to collect money from each of the participating districts to replace or

repair an asset. Director Folmar added that Mr. Hoffman was authorized to send the asset table, along with a summary letter, to each director.

10. **Adopt Order Calling Election.** 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 adopt the Order Calling Directors Election, a copy which is attached hereto as Exhibit "F," and to authorize compensation of \$15 per hour per election official and \$150 for use of premises for early voting and election day.

11. **Adopt Resolution Adopting Prevailing Wage Rate Scale for Construction Projects.** 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 adopt the Resolution Adopting Prevailing Wage Rate Scale for Construction Projects, a copy of which is attached hereto as Exhibit "G."

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 adjourn the meeting.

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