

MINUTES OF MEETING OF BOARD OF DIRECTORS  
April 8, 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 April 8, 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 except Director Parrish. 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 March 11, 2008, a copy of which was previously distributed to the Board. 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 approve the minutes of the meeting of March 11, 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 94.676% of its 2007 taxes.

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 accept the Tax Assessor and Collector's Report and to authorize payment of check nos. 1300 through 1303 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 "C." Mr. Hoffman reported that the District pumped 4,039,000 gallons of water and purchased 5,940,000 gallons of water from the West Harris County Regional Water Authority ("WHCRWA") during the last period and that H2O accounted for 93.7% of the water pumped and purchased by the District during the last period.

Mr. Hoffman reported that the District has 142,691,000 gallons and eight months remaining on its 2008 Harris-Galveston Coastal Subsidence District Permit.

Mr. Hoffman reported that the interconnect with Harris County Municipal Utility District No. 179 ("No. 179") was opened on March 27, 2008 and closed on March 28, 2008 while No. 179 performed maintenance on their system.

Mr. Hoffman reported that the correspondence from Time Warner/Comcast regarding the builder damages is attached to the Operations Report. Mr. Hoffman stated that Comcast has denied the \$4,417.88 claim and he recommends turning over the account to the delinquent attorney. Upon motion by Director Rickelman, seconded by Director Johnson, after full discussion and the question being put to the Board, the Board voted unanimously to turn over the account to the delinquent attorney.

Mr. Hoffman reviewed with the Board the Maintenance Summary, a copy of which is attached to the Operations Report. Mr. Hoffman reported that four cameras and seven signs to improve security at the water plant have been installed.

Mr. Hoffman stated that the TCEQ collected a sample from the District's water well for radionuclide testing in February. Mr. Hoffman stated that once the results are available, H2O can evaluate adjusting the blend ratio. Mr. Hoffman noted that H2O received the WHCRWA's water quality information and that the gross alpha activity for water supplied by the WHCRWA is 0 pCi/l. Mr. Hoffman stated that H2O should be able to reduce the District's blend ratio to 65% well to 35% surface and maintain the current alpha particle level. In response to a question from Director DePau, Mr. Hoffman stated that the gross alpha activity is the measurement of radio nuclei naturally occurring in water.

Mr. Hoffman reported on the hydrotank pressure controls and noted that H2O responded to a low pressure alarm. Mr. Hoffman stated that H2O replaced lines to both hydrotanks because the sensor line from the hydrotank to the controls was leaking.

Mr. Hoffman stated that the control room was pressure washed and sealed and the south wall to the control building was painted.

Mr. Hoffman reported on water line maintenance and noted that commercial meter repair parts were delivered and repairs will begin soon.

Mr. Hoffman reported on sewer line maintenance and stated that the repair to the manholes at Logenbaugh/ Brook Springs and Willow River/Town Creek are complete and invoices will be submitted to Copperfield Joint Operation Board next week for payment.

Mr. Hoffman reported on the semi-annual line cleaning and stated that the sewer lines under West Road and at Meadow Village/Highbrook were cleaned as part of the District's semi-annual maintenance. Mr. Hoffman stated that there was an unusual amount of sand in the line on Meadow Village. Mr. Hoffman reported that H2O is scheduled to water test and televise the line to see if anything has changed since the last television survey was performed.

Mr. Hoffman reported on the AWBD Water Smart Application and stated that the application was submitted to the AWBD Water Smart Committee.

Mr. Hoffman reported on the water quality certification of delivery. Mr. Hoffman stated that the TCEQ requires the District to provide water quality information to neighboring districts that have received water from the District. Mr. Hoffman stated that in 2007, Harris County Municipal Utility District Nos. 186, 179 and 208 purchased water from the District and that the District's water quality information will be included in their consumer confidence reports. Mr. Hoffman stated that a certificate of delivery will be submitted to the TCEQ by May 1, 2008, as required.

Mr. Hoffman reported that the TCEQ has granted the District a waiver on the distribution system evaluation as part of the disinfection by-product rule.

Mr. Hoffman reported that water service was terminated for non-payment at 15670 Pebble Lake and that the curb stop was broken in order to illegally reconnect the service. Mr. Hoffman stated that the water was disconnected a second time and H2O has randomly visited the home to observe any illegal connections to neighboring homes. Mr. Hoffman stated that Ms. Adame at 15514 Pebble Lake claims she placed \$43 into the payment deposit box at H2O, but that H2O did not receive the cash. Mr. Hoffman stated that H2O wanted to notify the Board of these two issues in case problems arise in the future.

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 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. 2491 through 2506 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 has received comments from H2O and will address the comments. Director Folmar requested that TCB complete this project by the next meeting.

Mr. Sarman reported that TCB met with Insituform regarding the estimates for the asbestos cement pipe repairs. Mr. Sarman asked if the Board would be interested in negotiating

a contract through Buy Board before finalizing a detailed cost estimate and proposal. Mr. Sarman stated that Insituform has recommended using pressure pipe lining which would involve cutting and disposing of the pipe at an estimated cost of \$59,860. Director Folmar suggested abandoning the pipe and laying new pipe. In response to a question from Director DePau, Mr. Sarman stated that the pipe is approximately 500 feet long. Extensive discussion ensued regarding laying new pipe and cutting/disposing of the asbestos pipe. It was the consensus of the Board to abandon the asbestos pipe in place and authorize TCB to obtain three bids for laying a new eight-inch pipe.

6. **Discuss Reclaimed Water System (“RWS”).** Mr. Sarman reported that TCB has evaluated the design of both a stand alone RWS and a joint RWS, copies of which analysis are attached to the Engineer’s Report. Mr. Sarman stated that the following two methods were considered for the design: (1) minimizing the capacity of the treatment train and increasing ground storage tank volume and (2) minimizing ground storage tank volume and increasing the treatment train capacity. Mr. Sarman stated that the first method is more cost effective because the transfer pumps, disc filter, and chlorine contact basin are sized to meet the total daily flow. Mr. Sarman noted that the ground storage tank is sized based on a mass balance between the continuous inflow of water from the treatment train and the outflow of water during an irrigation event. Mr. Sarman stated that the irrigation booster pumps are sized according to the peak irrigation demand.

Mr. Sarman provided estimates for the stand alone RWS with both 15 connections and 10 connections and estimates for a joint RWS between the District and Harris County Municipal Utility District No. 188 (“No. 188”) for both 15 connections and 10 connections. Directors Folmar and DePau reviewed a map of the proposed RWS and suggested re-routing the pipes and moving some of the meters. Extensive discussion ensued regarding the routes and TCB’s progress with the project. Ms. Cogburn suggested that Mr. Sarman hold a working meeting at TCB so that the engineering plans could be easily accessed and other engineers working on the project could attend and answer the Board’s questions. Director Folmar requested that Ms. Green post an agenda for a meeting date of either April 23<sup>rd</sup> or April 25<sup>th</sup>. Director DePau requested that Mr. Sarman provide RWS maps to the Directors before the meeting for their review. Mr. Sarman stated that he would contact the engineer for No. 188 to discuss a joint meeting between the District, No. 188 and TCB.

7. **Discuss CJOB meeting.** Director Folmar stated that H2O finalized the table for the useful life of assets at the waste water treatment plant. Director Folmar noted that H2O is obtaining bids for the operator’s building at such plant.

8. **Adopt Order Declaring Unopposed Candidates Elected to Office.** 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 compensate the election judge \$150 for her time commitment to the Directors Election and to adopt the Order Declaring Unopposed Candidates Elected to Office, a copy of which is attached hereto as Exhibit “F.”

Upon motion by Director Rickelman 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:

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Secretary, Board of Directors