

MINUTES OF MEETING OF BOARD OF DIRECTORS
January 13, 2009

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 January 13, 2009, at 4:00 p.m.; whereupon the roll was called of the members of the Board, to-wit:

John Parrish, President
Emmanuel DePau, Vice President
Penny Johnson, Secretary
Steve Rickelman, Treasurer
Mike Odell, Assistant Secretary

All 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. ("MCI"), bookkeeper for the District; Mr. Tony Sarman of AECOM, Inc. ("AECOM"), 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 December 9, 2008, a copy of which was 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 December 9, 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 65.49% of its 2008 taxes. Upon motion by Director Johnson, seconded by 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. 1337 through 1339 from the Tax Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

3. **Consider property tax exemptions.** 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 adopt the Order Adopting Exemptions from Taxation for Individuals Who Are Disabled or Are 65 Years of Age or Older, a copy of which is attached hereto as Exhibit "C," thereby granting an exemption in the amount of \$25,000.

4. **Consider and approve payment of ACS Arbitrage Rebate and Yield Restriction Initial Review and engagement letter.** Ms. Cogburn reviewed with the Board the ACS Arbitrage Rebate and Yield Restriction Initial Review and engagement letter, copies of which are attached hereto as Exhibit "D." 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 payment of \$2,700 for the ACS Arbitrage Rebate and Yield Restriction Initial Review, to authorize execution of the engagement letter by ACS, and to approve payment of \$1,650 for the Yield Restriction/Yield Reduction Payment Report for Unlimited Tax Bonds, Series 2003.

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 "E." Mr. Hoffman reported that the District pumped 4,371,000 gallons of water and purchased 4,822,000 gallons of water from the West Harris County Regional Water Authority ("WHCRWA") during the last period and that H2O accounted for 91% of the water pumped and purchased by the District during the last period. Mr. Hoffman reported that the District has 170,807,000 gallons and 11 months remaining on its 2008 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 on water plant maintenance and stated that the new check valve has been ordered and that H2O is waiting on the factory to ship the valve.

Mr. Hoffman reported that the annual maintenance on the chlorine analyzers is complete.

Mr. Hoffman reported on water line maintenance and noted that H2O repaired a tapline leak at 15702 Knoll Lake at a final cost of \$1,346.78.

Mr. Hoffman reported that H2O completed the inspection and maintenance of the valves in Middlegate, Northmead and Southdown at a final cost of \$1,631.48. Mr. Hoffman noted that any areas with noted problems are being addressed.

Mr. Hoffman reported on sewer line maintenance and stated that Harris County (the "County") is in the process of raising West Road near the intersection of Highbrook. Mr. Hoffman reported that the County requested that H2O ensure that the sanitary sewer line and the manhole in the area is sealed. Mr. Hoffman reported that H2O pressure tested the area around the manhole and found infiltration at the pipe penetrations into the manhole. Mr. Hoffman reported that H2O sealed the manhole but that the sewer line that runs upstream and downstream of the manhole has problems. Mr. Hoffman recommended that the District approve slip lining the sections of line prior to the County raising the street. Mr. Hoffman stated that the estimated cost to investigate the problem is \$2,750, the estimated cost to seal the manhole is \$2,000 and the

estimated cost to slip line the two sections of line is \$28,750. Mr. Hoffman reported that H2O will review old video tapes of the lines to evaluate if additional problems may exist. 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 slip lining the two sections of sewer line, sealing of the manhole and investigating the sewer line at an estimated total cost of \$33,500.

Mr. Hoffman reported that FEMA has sent back the breakdown of reimbursement to the District for Hurricane Ike expenses which totals \$6,332.28 for costs associated with contract operations, natural gas engine and force equipment, water purchased from Harris County Municipal Utility District No. 186 and administrative work.

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 "F."

Upon motion by Director Odell, 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. 2720 through 2741 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. **Discuss FEMA reimbursement of Hurricane Ike expenses.** This item was discussed in the Operations Report.

8. **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 "G."

Mr. Sarman reported that AECOM has finalized the drawings of the cement pipe repairs for the County permit and submitted them to the contractor for their review and comment. Mr. Sarman reported that AECOM expects a response this week. Mr. Sarman reported that AECOM will continue to update the Board on the asbestos cement pipe repairs.

Mr. Sarman reported that AECOM and H2O prepared the Notice of Intent ("NOI") form for submission to the State for funding consideration through the Hazard Mitigation Grant Program. Mr. Sarman reported that since the last meeting, AECOM received letters from the County regarding submission of information for inclusion in the County NOI for the FEMA program, as well as for the Department of Housing and Urban Development's Community Development Block Grant. Mr. Sarman stated that the County will have a better chance of receiving funding than the individual districts. Mr. Sarman reported that the County may suggest that the State reject the individual NOIs in favor of the joint submittal. Mr. Sarman noted that AECOM submitted the information to the County for participation in both grants, and we will let the Board know if we hear any additional information.

9. **Discuss Copperfield Joint Operations Board "CJOB" meeting.** Director Parrish stated that CJOB discussions included submission of the NOI with the County

NOI for funding consideration. Director Parrish reported that CJOB is still waiting to receive the conveyor rollers for the belt press.

10 **Other Business.** No other business was discussed.

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