

MINUTES OF MEETING OF BOARD OF DIRECTORS
February 10, 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 February 10, 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 January 13, 2009, a copy of which was previously distributed to the Board. Upon motion by Director Odell, 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 13, 2009, 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 92.3% of its 2008 taxes. 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 accept the Tax Assessor and Collector's Report and to authorize payment of check nos. 1340 through 1343 from the Tax Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

3. **Authorize Resolution Authorizing Additional Penalty on Delinquent Taxes Under Sections 33.07, 33.11 and 33.08, Tax Code.** Ms. Cogburn reviewed with the

Board the Resolution Authorizing Additional Penalty on Delinquent Taxes Under Sections 33.07, 33.11 and 33.08, Tax Code, a copy of which is attached hereto as Exhibit "C." 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 authorize the Resolution Authorizing Additional Penalty on Delinquent Taxes Under Sections 33.07, 33.11 and 33.08, Tax Code.

4. **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 "D." Mr. Hoffman reported that the District pumped 4,635,000 gallons of water and purchased 5,183,000 gallons of water from the West Harris County Regional Water Authority ("WHCRWA") during the last period and that H2O accounted for 92% of the water pumped and purchased by the District during the last period. Mr. Hoffman reported that the District has 160,989,000 gallons and 10 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 chlorine analyzer pump was replaced at a final cost of \$1,345.74.

Mr. Hoffman reported on water line maintenance and noted that H2O performed valve repairs at 8507 Silver Fire at a final cost of \$1,092.99 and 15607 Pebble Lake at a final cost of \$889.70.

Mr. Hoffman reported on sewer line maintenance and stated that the slip line to two sections of truss pipe is complete. Mr. Hoffman noted that the manholes have been sealed and the County has been notified that the District's repairs are complete. Mr. Hoffman reported that the final costs are as follows:

Investigate problem:	\$2,751.80
Seal manhole:	\$ 2,100
Repair manhole:	\$28,500

Mr. Hoffman reported that H2O is awaiting feedback from FEMA regarding the reimbursement to the District for Hurricane Ike expenses. Mr. Hoffman stated that FEMA's first response allocates \$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.

5. **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, Investment Report and revised Operating Budget for the Fiscal Year Ending July 31, 2009, copies of which are attached hereto as Exhibit "E." Ms. Garcia stated that the bookkeeper reports from September to present included the operating budget for the fiscal

year ending July 31, 2008 instead of the operating budget for the fiscal year ending July 31, 2009. Ms. Garcia reported that Mr. Hoffman alerted MCI of discrepancies in the operating budget and noted that MCI has corrected the problem for future and past reports.

Upon motion by Director Odell, 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. 2744 through 2762 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.

6. **Discuss FEMA reimbursement of Hurricane Ike expenses.** This item was discussed in the Operations Report.

7. **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 asbestos cement pipe repairs and stated that AECOM is working with RL Utilities to coordinate the work. Mr. Sarman reported that AECOM will continue to update the Board on the repairs.

Mr. Sarman reported on the generator funding and legislation and stated that AECOM will continue to monitor the proposed legislation regarding generator requirements. Mr. Sarman reported that AECOM is still waiting on a response from the State regarding the Hazard Mitigation Grant Program. Mr. Sarman reported that the Department of Housing and Urban Development's Community Development Block Grant was submitted by Harris County on February 6, 2009. Mr. Sarman noted that AECOM will let the Board know of any new information. In response to a question from Director Rickelman, Mr. Sarman stated that AECOM submitted costs based on the purchase of a natural gas generator. Mr. Hoffman stated that the biggest energy load is derived from the start-up of the booster pumps. Mr. Hoffman reported that the District has two natural gas engines to run the water well and booster pumps, and that the engines are over 20 years old.

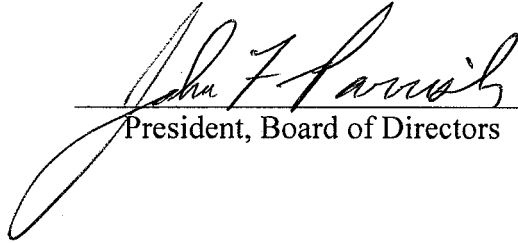
8. **Discuss Copperfield Joint Operations Board "CJOB" meeting.** Director Parrish stated that CJOB discussions included approving the budget for the fiscal year ending February 28, 2010 based on the reserve funds and connection rate. Director Parrish stated that two separate categories will be included in the budget – one budget based on active connection fees for operation expenditures and another budget for those expenditures that are billed to the districts based on ownership percentages. Director Parrish reported that CJOB's operating expenses are running above the projected revenue from connection fees, therefore CJOB increased the connection fee from \$8 to \$8.50. Ms. Cogburn suggested that the Board review amending the Rate Order in March to offset the costs of the connection fee increase.

10 **Other Business.** The Board discussed the plaque commending former President Folmar for his years of service to the District.

THERE BEING NO FURTHER BUSINESS to come before the Board, the meeting was adjourned.

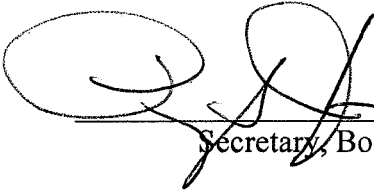
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The foregoing minutes were passed and approved by the Board of Directors on
March 10, 2009.



President, Board of Directors

ATTEST:



Secretary, Board of Directors