

MINUTES OF MEETING OF BOARD OF DIRECTORS  
May 12, 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 May 12, 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 April 14, 2009, 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 April 14, 2009, as presented.

2. **Review Bookkeeper's Report and authorize payment of bills.** Ms. Garcia presented to and reviewed with the Board the Bookkeeper's Report, the Investment Report, the Operating Budget for the Fiscal Year Ending July 31, 2009 and the Proposed Budget for the Fiscal Year Ending July 31, 2010, copies of which are attached hereto as Exhibit "B."

In response to a question, Ms. Garcia reported that the Deposit/Collateral Report listed account no. 43836 under the non-interest accounts but that it should be listed under the interest accounts. Ms. Garcia stated that she would contact the bank to correct the report. 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. 2808 through 2826 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.

3. **Review Tax Assessor and Collector's Report and authorize payment of certain bills.** Ms. Rodriguez 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 "C." Ms. Rodriguez reported that the District has collected 95.92% 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. 1353 through 1358 from the Tax Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

4. **Operations Report.** Mr. Hoffman presented to and reviewed with the Board the Operations Report and 2008 Annual Drinking Water Quality Report, copies of which are attached hereto as Exhibit "D." Mr. Hoffman reported that the District pumped 4,931,000 gallons of water and purchased 5,339,000 gallons of water from the West Harris County Regional Water Authority ("WHCRWA") during the last period and that H2O accounted for 91.6% of the water pumped and purchased by the District during the last period. Mr. Hoffman reported that the District has 127,789,000 gallons and seven 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 stated that generator options are attached to the Operations Report for the Board's review. Mr. Hoffman reported that during Hurricane Ike the District operated the existing booster pump and well pump engines and purchased water from Harris County Municipal Utility District No. 186. Mr. Hoffman stated that a 500 kw generator would operate the entire plant (option 1) and a 300 kw or 320 kw generator would operate everything except the well motor (option 2). Mr. Hoffman reported that the District's small generator could operate the chemical feed pumps. Mr. Hoffman recommended that the District approve option 2 and rent a 320 kw contingency generator from Sunbelt Pump & Power Rentals ("Sunbelt") at a cost of \$3,600 per month with a six month contract (June through November). Mr. Hoffman noted that the rental allows 960 hours of usage. Mr. Hoffman stated that the rental fees for the cables are additional, but nominal. 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 Sunbelt 320 kw contingency standby generator rental for a six month contract at a cost of \$3,600 per month plus the cable rental.

Mr. Hoffman recommended that the District install a transfer switch for safety purposes when transferring power to the generator. Mr. Hoffman also recommended that the District purchase the ultimate sized transfer switch in the event that the District purchases a generator in the future. The Board requested that Mr. Sarman and Mr. Hoffman obtain quotes for a transfer switch for the Board to review in June.

Mr. Hoffman reported that H2O performed the maintenance on the well engine and booster pump engine at a final cost of \$1,302.85.

Mr. Hoffman reported on water line maintenance and stated that H2O performed a valve repair at 15731 Woodcroft at a final cost of \$1,539.43 and a tapline leak at 7930 Highway 6 at a final cost of \$1,612.65.

Mr. Hoffman reported on sewer line maintenance and noted that H2O completed the manhole inspection and survey in Northmead Village at a final cost of \$1,217.81. Mr. Hoffman reported that repairs will begin on areas identified in the survey.

Mr. Hoffman reported that a manhole at 15204 West Road was excavated 30 inches to raise the manhole to the proper elevation. Mr. Hoffman reported that the manhole was resealed from top to bottom and the final repair cost is \$3,361.99.

5. **Approve Consumer Confidence Report.** Mr. Hoffman noted that the Consumer Confidence Report is attached to the Operations Report. 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 approve the Consumer Confidence Report.

6. **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 submitted the plans to Harris County for approval on the morning of April 16, 2009. Mr. Sarman noted that at the request of Harris County, a few notes were updated and resubmitted to Harris County for final signature. Mr. Sarman stated that the plans have been signed and copies have been submitted to RL Utilities and H2O. Mr. Sarman reported that RL Utilities will coordinate with H2O to begin preparations for the repair. Mr. Sarman noted that he would continue to update the Board on the repairs.

Mr. Sarman reported that AECOM is continuing to monitor proposed legislation regarding generator requirements. Mr. Sarman noted that Senate Bill 361 ("SB 361") is being considered in the House of Representatives.

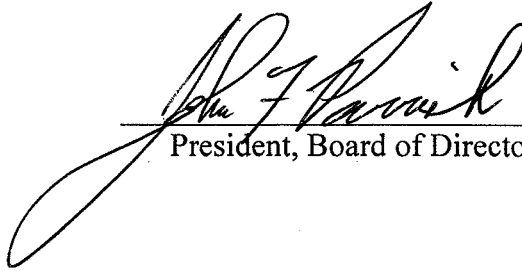
Mr. Sarman stated that AECOM submitted the information forms on critical water and wastewater infrastructure for emergency management purposes to Camp, Dresser and McKee.

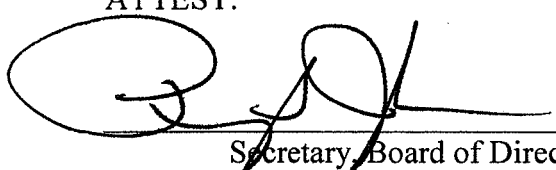
7. **Discuss Copperfield Joint Operations Board "CJOB" meeting.** Director Parrish reported that CJOB discussions included the insurance renewal with WIN/Highpoint. Director Parrish reported that CJOB also discussed generator options and decided to approve renting one standby contingency generator and renting a second generator whenever a hurricane entered the Gulf of Mexico. Director Parrish noted that CJOB discussed purchasing a transfer switch for the contingency generator rental and future generator purchase and requested that Mr. Sarman provide transfer switch costs for CJOB to review in June.

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 June 9, 2009.

  
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President, Board of Directors

ATTEST:  
  
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Secretary, Board of Directors