

MINUTES OF MEETING OF BOARD OF DIRECTORS
July 14, 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 July 14, 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 regular meeting of June 9, 2009 and the special meeting of June 24, 2009, copies of which were previously distributed to the Board. 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 minutes of the regular meeting of June 9, 2009 and the special meeting of June 24, 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, and 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."

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. 2852 through 2876 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. **Approve Addendum to the Bookkeeper's Contract.** 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 Addendum to the Bookkeeper's Contract.

4. **Approve Resolution Authorizing Signature of a Contingent Fee Legal Services Contract.** Ms. Cogburn stated that the Texas law requires the District to approve a Resolution Authorizing Signature of a Contingent Fee Legal Services Contract. 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 Resolution Authorizing Signature of a Contingent Fee Legal Services Contract.

5. **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 97.26% 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. 1365 through 1368 from the Tax Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

6. **Operations Report.** Mr. Hoffman 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 12,363,000 gallons of water and purchased 11,830,000 gallons of water from the West Harris County Regional Water Authority ("WHCRWA") during the last period and that H₂O accounted for 90.7% of the water pumped and purchased by the District during the last period. Mr. Hoffman reported that the District has 89,135,000 gallons and five 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 that the automatic transfer switch has been ordered and should be installed by the August meeting. Mr. Hoffman reported that the estimated cost for the transfer switch is \$30,000.

Mr. Hoffman reported that the painting estimates are attached to the Operations Report. Mr. Hoffman stated that he would verify with the paint inspectors the required number of coats for painting the tanks. The Board requested that Mr. Hoffman obtain prices for painting the interior walls of the GSTs.

Mr. Hoffman reported on the ground storage tank ("GST") levels and noted that during the drought conditions, the District experienced two occasions when the WHCRWA line and the District's well did not operate. Mr. Hoffman reported that the level in the GSTs got low and H₂O manually refilled the tanks. Mr. Hoffman reported that a low ground storage level alarm calls out when the tank levels are low. Mr. Hoffman noted that precautions are in place for low-level call outs.

Mr. Hoffman reported on the water line maintenance and stated that R&L Utilities is about 80% complete with the installation of the water line between West Road and Pebble Lake. Mr. Hoffman noted that in addition to collecting bacteria samples, H2O will be performing the final connection on Pearl Lake. Mr. Hoffman reported that the cost to date for the work is \$8,094.23.

Mr. Hoffman reported that H2O repaired numerous water line and tapline leaks over the last four weeks, details of which are listed on the Operations Report.

Mr. Hoffman reported on sewer line maintenance and noted that the manhole deficiencies noted in the Southdown manhole survey and inspection have been repaired. Mr. Hoffman reported that H2O located and inspected manholes, sealed manhole throats, and installed inflow protectors at a final cost of \$3,690.32.

Mr. Hoffman reported that the 2008 Water Quality Report was sent with the bills on June 10, 2009 at a final cost of \$1,774.97.

Mr. Hoffman reported that the WHCRWA notified the District by letter that it is not supplying 100% surface water to the District due to low water levels in its GSTs during peak usage time and has been forced to reduce the rate of flow to some districts, a copy of such letter is attached to the Operations Report.

Mr. Hoffman reported that he attended the WHCRWA Emergency Response meeting and noted that the WHCRWA is aware that the District will need to receive surface water from the WHCRWA due to the water quality issues with the District's well. Mr. Hoffman stated that he would follow-up on the District's request to receive additional surface water from the WHCRWA.

Mr. Hoffman reported that two of the District's meter vaults need replacement lids.

7. Approve Interlocal Agreement with Harris Galveston Subsidence District ("HGSD") for 2009/2010 Water Wise sponsorship program. The Board reviewed the Interlocal Agreement with Galveston Subsidence District for 2009/2010 Water Wise sponsorship program, a copy of which is attached hereto as Exhibit "E." Director Odell recommended that the District obtain the financial records from the HGSD to determine if the District paid for the program in 2008. Ms. Garcia reported that she would determine if a payment was made to the HGSD in 2008. This item was deferred.

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 "F."

Mr. Sarman reported on generator items and noted that the water plant (the "Plant") needs an 800-amp transfer switch and a 500 kw generator to run the well and the pumps. Mr. Sarman stated that H2O and AECOM have been researching new and used generator costs for the Plant. Mr. Sarman noted that AECOM can provide costs for new and used generators for the Board to compare, if requested.

Mr. Sarman reported that AECOM contacted Harris County (the "County") regarding replacing the bridge pads on some of the bridges located in the District and in Harris County Municipal Utility District No. 163. Mr. Sarman reported that the County will not begin the upgrades for approximately two to three years. Mr. Sarman noted that the County will submit plans to the District for review and comment seven months prior to any work

9. Discuss Copperfield Joint Operations Board "CJOB" meeting.

Director Parrish reported that CJOB discussions focused on the second failure of the fathead minnow survival test for the June, 2009 biomonitoring compliance test. Director Parrish noted that the Plant is required to perform a toxicity reduction evaluation (TRE") to determine the cause of the failure. Director Parrish stated that representatives from Allen Plummer and Associates, Inc. ("APA") and both Bio-Aquatic Testing and Envirnodyne Laboratories, Inc. attended the meeting and answered questions. Director Parrish stated that APA indicated the possibility exists that the Texas Commission on Environmental Quality ("TCEQ") could cancel the TRE in two months to one year if subsequent testing indicates that the previous test failures were a fluke. Director Parrish reported that the Plant is allowed to run screen tests without submitting the test results to the TCEQ if the tests do not follow TCEQ protocol. Director Parrish reported that the sample requires a 24-hour collection period. Director Parrish noted that H2O and AECOM are identifying any areas in the Plant that need to be cleaned before the screen sample is obtained. Director Parrish stated that CJOB requested AECOM to research anomalies at the Plant. Director Parrish stated that the Hearthstone Country Club has been using a lot of water and noted that the temperatures have been unusually high.

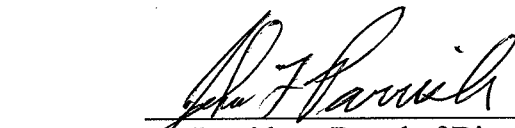
10. Review District Website. This item was deferred.

11. Review consultant contracts. It was the consensus of the Board to hold a special meeting on July 24, 2009 to review the statement of qualifications from engineering firms prior to terminating the District's contract with AECOM.


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

* * *

The foregoing minutes were passed and approved by the Board of Directors on August 11, 2009.



President, Board of Directors

ATTEST:


Secretary, Board of Directors



NM
\$9.00
DQ

836519
07/08/2009 PERSONAL
\$9.00 NOTICE

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 162
1301 MCKINNEY 51ST FLOOR
HOUSTON, TEXAS 77010

NOTICE

In accordance with chapter 551, Texas Government Code, and Section 49.063, Texas Water Code, both as amended, take notice that the Board of Directors of Harris County Municipal Utility District No. 162 will meet in regular session, open to the public, at the offices of Fulbright & Jaworski L.L.P., 1301 McKinney, Houston, Harris County, Texas, at 4:00 p.m. on Tuesday, July 14, 2009. At such meeting, the Board will consider the following:

1. Approve minutes of the meetings of June 9, 2009 and June 24, 2009.
2. Review Bookkeeper's Report and authorize payment of bills.
3. Approve Addendum to the Bookkeeper's Contract.
4. Approve Resolution Authorizing Signature of a Contingent Fee Legal Services Contract.
5. Review report by Tax Assessor and Collector and authorize payment of certain bills.
6. Review and approve Operations Report and authorize repairs.
7. Approve Interlocal Agreement with Harris Galveston Subsidence District for 2009/2010 Water Wise sponsorship program.
8. Review Engineer's Report.
9. Discuss Copperfield Joint Operations Board "CJOB" meeting.
10. Review District Website.
11. Review consultant contracts.

And such other matters as may properly come before it.

47th FLOOR
CONFERENCE ROOM 47 SOUTH

FILED
2009 JUL - 8 AM 11:41
County Clerk
HARRIS COUNTY, TEXAS

FULBRIGHT & JAWORSKI L.L.P.
ATTORNEYS FOR THE DISTRICT

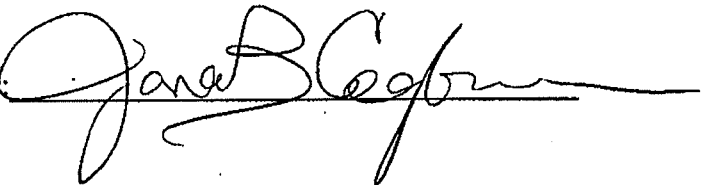
By: 



EXHIBIT A

836519-276