

MINUTES OF MEETING OF BOARD OF DIRECTORS
June 25, 2010

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 special session, open to the public, at the offices of H2O Consulting, Inc., 5870 Highway 6 North, Suite 215, Houston, Texas, on June 25, 2010, at 6:00 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 except Director Rickelman. Also attending all or parts of the meeting were Mr. Chris Hoffman of H2O Consulting ("H2O"), operator of the District's facilities; and Ms. Amy Zapletal of Brown & Gay Engineers, Inc. ("BGE"), engineers 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. Discuss and approve budget for the fiscal year ending July 31, 2011.

The Board reviewed the draft budget for the fiscal year ending July 31, 2010 and the operations proposed budget, copies of which are attached hereto as Exhibit "B." After consideration of all expense categories, minor changes were made to the proposed amounts. 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 budget for the fiscal year ending July 31, 2011 (with total estimated revenues in the amount of \$1,083,232 and estimated expenses in the amount of \$979,700).

2. Discuss generator and award contract for generator installation.

The Board reviewed the Engineer's Report, a copy of which is attached hereto as Exhibit "C." The Board discussed the status of the Texas Commission on Environmental Quality ("TCEQ") requirements for the emissions approval and the various options available for the Board to consider. Director Parrish reported that Caterpillar and Worldwide Power should work with the engineer to complete paperwork (by updating the list or serial number of the generator) to certify the unit for use in the United States. Discussion ensued regarding voiding the generator purchase. It was the consensus of the Board that seeking to void the purchase was not realistic because the extra costs for the delay would not be offset by potential savings. The Board determined that it would continue discussions with Worldwide Power and seek NOx permits at a reasonable rate to comply with existing TCEQ rules. The Board discussed seeking potential exemptions from the new director of the TCEQ since the TCEQ rules are unclear and do not

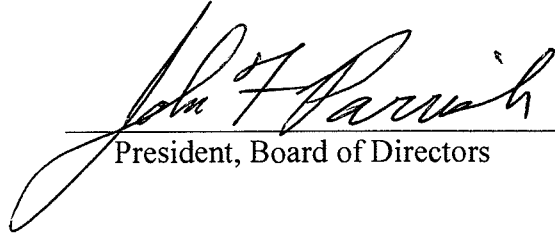
adequately reflect the emergency usage anticipated by the District. It was the consensus of the Board to authorize the engineer, operator and Directors Odell and DePau to work together to seek the best solution for the District.

Director Parrish left the meeting at this time.

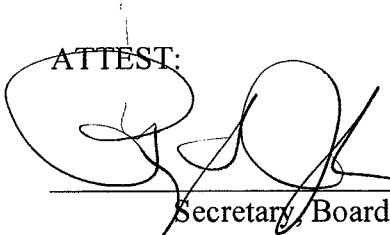
The Board reviewed the bids from Colwell Electric, McDonald Electric and Neil Technical Services ("NTS") for the installation of the generator. The low bid was from NTS in the amount of \$49,790. Upon motion by Director Odell, seconded by Director Johnson, after full discussion and the question being put to the Board, the Board voted unanimously to award the generator installation contract to NTS in the amount of \$49,790.

The Board discussed the generator site and the cost to move the generator to the site. In preparation for a possible hurricane, the Board reviewed the proposal by Worldwide Power to cover the cost of freight and crane rental for delivery of the generator to the foundation site. Upon motion by Director Johnson, seconded by Director Odell, after full discussion and the question being put to the Board, the Board voted unanimously to authorize payment of \$500 for the freight cost and an estimated \$1,600 for the crane rental to move the generator to the plant site.

The foregoing minutes were passed and approved by the Board of Directors on July 13, 2010.



President, Board of Directors

ATTEST:


Secretary, Board of Directors

