

MINUTES OF MEETING OF BOARD OF DIRECTORS  
July 12, 2011

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 12, 2011, at 4:00 p.m.; whereupon the roll was called of the members of the Board, to-wit:

Mike Odell, President  
John Parrish, Vice President  
Steve Rickelman, Treasurer  
Penny Johnson, Secretary  
Susan McClure, 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; Ms. Amy Zapletal of Brown & Gay Engineers, Inc. ("BGE"), engineers for the District; and Ms. Jana Cogburn, Ms. Nancy Green and Ms. Courtney McDonald 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. **Approve Minutes.** Consideration was given to the approval of the minutes of the regular meeting of June 14, 2011, copies of which were 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 regular meeting of June 14, 2011. The Board deferred action on the June 28, 2011 minutes.

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, 2011 Comparison as of July 12, 2011, the Cash Flow Comparison and the Energy Usage Report, copies of which are attached hereto as Exhibit "B." The Board noted that the election expenses of \$11,000 need to be added to the budget. 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 accept the Bookkeeper's Report, to authorize payment of check nos. 3480 through 3509 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. **Engage auditor for the fiscal year ending July 31, 2011.** The Board reviewed the auditor engagement letter from David L. Merritt, P.C, a copy of which is attached hereto as Exhibit "C." Upon motion by Director Johnson, seconded by Director Parrish, after full discussion and the question being put to the Board, the Board voted unanimously to engage David L. Merritt to perform the District's audit for the fiscal year ending July 31, 2011 at an estimated cost of between \$8,000 and \$8,500.

4. **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 "D." Ms. Rodriguez reported that the District has collected 98.124% of its 2010 taxes.

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 accept the Tax Assessor and Collector's Report and to authorize payment of check nos. 1454 through 1458 from the Tax Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

5. **Operations Report.** Mr. Hoffman presented to and reviewed with the Board the Operations Report for the month of June 2011, a copy of which is attached hereto as Exhibit "E." Mr. Hoffman reported that the District pumped 1,500,000 gallons of water and purchased 20,119,000 gallons of water from the West Harris County Regional Water Authority ("WHCRWA") during the last period and that H2O accounted for 93.8% of the water pumped and purchased by the District during the last period.

Mr. Hoffman reported that H2O has purchased diesel fuel to fill the storage tank and completed the annual maintenance and inspection of the two engines and generator at the water plant.

Mr. Hoffman reported on water line maintenance and stated that H2O repaired a water main break and re-poured a driveway at 15407 Quiet Creek at a final cost of \$6,368.56. Mr. Hoffman stated that H2O repaired a water main break last weekend at 15919 Ridge Park (the Cornerstone Church) and noted that a section of driveway was removed and replaced at an estimated total cost of \$10,000. Mr. Hoffman stated that water main is a joint facility line which the District shares with Harris County Municipal Utility District No. 208 ("No. 208"). Mr. Hoffman noted that H2O also repaired a water main break and repoured a driveway at 15622 Highfield Drive at a final cost of \$6,155.11.

Mr. Hoffman stated that the painting of the District's fire hydrants will begin as the schedule permits.

Mr. Hoffman reported on sewer line maintenance and noted that H2O had performed semi-annual maintenance of the sewer line under West Road and Meadow Village at a final cost of \$1,373.22.

Mr. Hoffman reported that the TCEQ provided 10 bottles to collect lead and copper samples for completion by September and that H2O has begun to contact residents at the sample sites to participate in the sampling.

Mr. Hoffman reported that voluntary water conservation notices were sent out with the most recent water bills and that signs will be installed at the entrances to the District tomorrow. Upon motion by Director Parrish, seconded by Director Johnson, after full discussion and the question being put to the Board, the Board voted unanimously to ratify approval of the voluntary drought conservation measures.

6. **Drought Contingency Plan.** Discussion ensued regarding the District's Drought Contingency Plan. Mr. Hoffman stated it is unlikely that the triggers in such Plan will be reached because the District obtains so much of its water from the West Harris County Regional Water Authority ("*WHCRWA*"). Director Odell agreed to attend the next WHCRWA meeting to learn what conservation measures the WHCRWA is suggesting for the districts in its area.

7. **Consider amendment to Operations Contract related to meter change out.** Mr. Hoffman requested that the Board amend the Operations Contract with H2O to increase the charge for changing a standard residential meter to \$85 due to an increase in the cost of the meters. Upon motion by Director Parrish, seconded by Director Johnson, after full discussion and the question being put to the Board, the Board voted unanimously to authorize execution of the amendment to the Operations Contract, a copy of which is attached to the Operations Report.

8. **Engineer's Report.** Ms. Zapletal presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as Exhibit "F." Ms. Zapletal reported that BGE and H2O are awaiting receipt of the final plans and specifications from AECOM Technical Services, Inc. ("AECOM") for the shared sanitary sewer repairs in Southdown Village Section 1. Ms. Zapletal reported that a copy of the share calculations for the project are attached to the Engineer's Report. Ms. Zapletal reported that the surplus funds notification letter for such project was delivered to the Texas Commission on Environmental Quality ("TCEQ") on June 20, 2011. Ms. Zapletal stated that for each fiscal year that expenses are incurred, actual surplus funds expenditures will be outlined in the District's annual audit report in compliance with TCEQ regulations.

Ms. Zapletal reported on the water plant tank coatings and stated that the warranty inspection for Utility Service Company will be scheduled at the appropriate time so that any warranty issues can be addressed by September 10, 2011.

Ms. Zapletal reported on the water plan emergency power generator project and stated that the warranty inspection for NTS's work will be scheduled at the appropriate time so that any warranty issues can be addressed by November 16, 2011.

Ms. Zapletal reported that the Capital Improvements Summary has been updated to include the District's fiscal year end 2012 budgeting for surplus funds use for sanitary sewer cleaning and televising and the ammonia analyzer.

9. **Discuss CJOB meeting.** Director Odell reported that CJOB discussed whether to apply for a renewal permit or a major amendment to the permit for the sewage treatment plant and that a decision will be made at the next meeting. He stated that CJOB also discussed painting that needs to be done.

10. **Review District website.** Director Odell stated that the voluntary conservation information needs to be added to the District's website.

11. **Other business.** Director Odell stated that he attended the June 27, 2011 meeting of the Copperfield Coalition, the agenda for which is attached hereto as Exhibit "G."

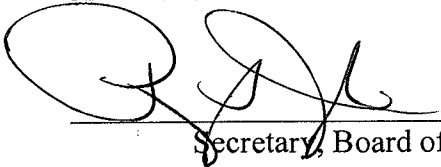
THERE BEING NO FURTHER BUSINESS to come before the Board, the meeting was adjourned.

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The foregoing minutes were passed and approved by the Board of Directors on August 9, 2011.

  
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President, Board of Directors

ATTEST:

  
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Secretary, Board of Directors

