

MINUTES OF MEETING OF BOARD OF DIRECTORS  
June 14, 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 June 14, 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 except for Director McClure. 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 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 May 10, 2011, copies of which were previously distributed to the Board. Director Parrish requested the spelling of Mr. Acuna's name be corrected under item 11. 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 approve the minutes of the regular meeting of May 10, 2011, as revised.

2. **Elect Officers.** Directors Odell and Parrish stated that they would like to be considered candidates for the position of President. Upon motion by Director Rickelman, seconded by Director Johnson, after full discussion and the question being put to the Board, the Board voted three in favor, with Director Parrish opposed, to elect Director Odell as President of the Board. 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 elect Director Parrish as Vice President. 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 elect Director Johnson as Secretary, Director Rickelman as Treasurer, and Director McGrath as Assistant Secretary.

3. **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 June 14, 2011, the Cash Flow Comparison and the Energy Usage Report, copies of which are attached hereto as Exhibit "B." 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 accept the Bookkeeper's Report, to authorize payment of check nos. 3459 through 3479 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.

4. **Approve budget for the fiscal year ending July 31, 2012.** This item was deferred for discussion at the special meeting to be held at the offices of H2O at 6:00 p.m. on June 28, 2011.

5. **Engage auditor for the fiscal year ending July 31, 2011.** This item was deferred.

6. **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 97.67% 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. 1451 through 1453 from the Tax Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

7. **Operations Report.** Mr. Hoffman presented to and reviewed with the Board the Operations Report and the Operations Proposed Budget for the fiscal year ending July 2012, copies of which are attached hereto as Exhibit "D." Mr. Hoffman reported that the District pumped 788,000 gallons of water and purchased 18,768,000 gallons of water from the West Harris County Regional Water Authority ("WHCRWA") during the last period and that H2O accounted for 93.3% of the water pumped and purchased by the District during the last period.

Mr. Hoffman reported on water plant maintenance. Mr. Hoffman reported that the District has not reached triggers to implement the Drought Contingency Plan.

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 an estimated cost of \$6,500. Mr. Hoffman stated that H2O repaired a water main break last weekend at 15919 Ridge Park and noted that a section of driveway was removed at an estimated cost of \$6,500. 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 recommended painting the District's fire hydrants. Mr. Hoffman stated that the painting is scheduled on a three year cycle and the hydrants were last painted in 2007. 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 H2O to paint the District fire hydrants at an estimated cost of \$3,500.

Mr. Hoffman reported on sewer line maintenance and noted that H2O investigated a sinkhole at 8202 Town Creek. Mr. Hoffman stated that H2O pressure tested the manhole and found that pipe penetrations were leaking. Mr. Hoffman reported that H2O chemically grouted the lines to the manhole and sealed the manhole from top to bottom and also replaced a section of sidewalk at a final cost of \$4,763.46.

Mr. Hoffman reported that the final Consumer Confidence Report is attached to the Operations Report and requested that Ms. Green submit the report to the District website manager for posting.

Mr. Hoffman reported that the TCEQ provided 20 bottles to collect lead and copper samples for completion by September.

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 "E."

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 on the surplus funds notification letter to the Texas Commission on Environmental Quality ("TCEQ"). Ms. Zapletal reported that the letter outlines the use of surplus funds for the District's pro-rata share of engineering and construction costs associated with the Shared Sanitary Sewer Repairs in Southdown Village Section 1 project to serve the District's and the regional wastewater collection system. Ms. Zapletal reported that the amount in the notification letter is based on the District's share of the construction bids with point repairs, five percent contingencies, and 8.75% of the \$25,000 engineering estimate provided by AECOM. Ms. Zapletal stated that for each fiscal year that the expenses are incurred, actual surplus funds expenditures will be outlined in the District's annual audit report in compliance with TCEQ regulations. Ms. Zapletal requested Board approval to send the TCEQ the surplus funds use notification letter. 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 engineer to file the surplus funds notification letter with the TCEQ for using capital project funds to pay for the District's pro-rata share of engineering and construction costs associated with the Shared Sanitary Sewer Repairs in Southdown Village Section 1 project to serve the District's and the regional wastewater collection system.

Ms. Zapletal reported on the 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 on the Surplus Funds Use for the Emergency Generator expenses and stated that the following table summarizes the non-audited actual costs versus the estimated costs for the project:

Expense Description	Updated Cost Estimate 08/10/10	Surplus Funds Used		Total Actual Project Expenses (non-audited)
		FYE 2010 Expenses (As of 08/10/10)	FYE 2011 Expenses (As of 06/14/11)	
600 kW Emergency Generator (Worldwide Power Products)	\$ 99,000.00	\$ 85,000.00	\$ 14,000.00	\$ 99,000.00
Emergency Generator - Delivery, Crane, Caterpillar Rep at start-up (Worldwide Power Products)	\$ 4,600.00	\$ -	\$ 4,600.00	\$ 4,600.00
Installation Costs (NTS)	\$ 49,790.00	\$ -	\$ 49,790.00	\$ 49,790.00
Double-walled 1,000-gal fuel tank	\$ 14,950.00	\$ -	\$ 14,950.00	\$ 14,950.00
Material Testing (TWEI)	\$ 1,542.00	\$ -	\$ 366.00	\$ 366.00
Engineering (Hourly as incurred)	\$ 36,168.00	\$ 28,200.79	\$ 12,093.68	\$ 40,294.47
H <sub>2</sub> O Coordination w/ Constr.	\$ 5,000.00	\$ -	\$ 4,852.99	\$ 4,852.99
<b>TOTAL TO DATE</b>	<b>\$211,050.00</b>	<b>\$113,200.79</b>	<b>\$ 100,652.67</b>	<b>\$213,853.46</b>

Ms. Zapletal reported that the Capital Improvements Summary has been updated to include the District's 8.78% pro-rata share of Shared Sanitary Sewer Repairs in Southdown Village Section 1. Ms. Zapletal reported that BGE included 5% construction contingencies for planning purposes.

9. **Discuss CJOB meeting.** Director Parrish reported that CJOB approved the draft audit and management representation letter. Director Parrish reported that CJOB discussed the fuel demands and noted that the concrete pad was poured for the 1,000-gallon fuel tank. Director Parrish reported that CJOB approved renting a 1,000 gallon fuel tank at CJOB's expense for use during the hurricane season. Director Parrish reported that CJOB performed a split sample biomonitoring test and retest in May and both tests passed. Director Parrish reported that CJOB will return to quarterly biomonitoring testing. It was the consensus of the Board the Director Odell would attend CJOB meetings as President of the Board and that Director Parrish would attend CJOB meetings as an alternate.

10. **Approve Resolution Authorizing Charging Personnel Costs for Public Information Requests.** 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 Charging Personnel Costs for Public Information Requests, a copy of which is attached hereto as Exhibit "F."

11. **Review District website.** Director Odell stated that the Director link was missing from the website and stated that he would contact the website manager to re-install the link.

12. **Other business.** Director Odell reported that he attended the Copperfield Storm Water Study meeting on May 25, 2011 held by the Copperfield Alliance, a non-profit organization that is spearheaded by Rick Scialdone. Director Odell reported that the attendees of the meeting have requested that Harris County take the lead in funding the study.

The Board requested that Ms. Green contact Mitchell & Duff again to obtain the status of Case No. C52CO303614 for Comcast damages in the amount of \$6,246.77 which was filed by Mitchell & Duff on May 2, 2011.


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 July 12, 2011.

  
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President, Board of Directors

ATTEST:

  
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Secretary, Board of Directors