

MINUTES OF MEETING OF BOARD OF DIRECTORS
May 12, 2015

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 the offices of H2O Consulting, 5870 Hwy 6, Houston, Texas 77084, on May 12, 2015 at 3:00 p.m.; whereupon the roll was called of the members of the Board, to-wit:

Penny Johnson, President
Susan McClure, Vice President
Steve Rickelman, Treasurer
Karen Odell, Secretary
John Parrish, 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; Ms. Karrie Kay of Myrtle Cruz, Inc., bookkeeper for the District; Mr. Chris Hoffman and Mr. Joshua Board of H2O Consulting ("H2O"), operator of the District's facilities; Mr. Jonathan St. Romain of Brown & Gay Engineers, Inc. ("BGE"), engineers for the District; and Ms. Shaila Shah of Norton Rose Fulbright US LLP ("NRF"), 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 April 14, 2015, copies of which were previously distributed to the Board. Upon motion by Director Rickelman, 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 April 14, 2015, as presented.

2. Approve Consumer Confidence Report. Mr. Hoffman presented to and reviewed with the Board the Consumer Confidence Report, a copy of which is attached to the Operations Report. Upon motion by Director Parrish, seconded by Director Rickelman, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Consumer Confidence Report, as presented.

3. Review Bookkeeper's Report and authorize payment of bills. Ms. Kay presented to and reviewed with the Board the Bookkeeper's Report, the Investment Report, the Operating Budget, the Cash Flow Comparison and the Energy Usage Report, copies of which are attached hereto as Exhibit "B." Upon motion by Director McClure, seconded by Director Odell, 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. 4574 through 4590 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.

Adopt Resolution Approving use of Letter of Credit as Collateral for Bank Deposits.

Ms. Shah presented to and reviewed with the Board the Resolution Approving Use of Letter of Credit as Collateral for District Funds and Letter of Credit Agreement with Compass Bank and Central Bank, copies of which are attached hereto as Exhibits "C" and "D." Ms. Shah reported that the Banks wants to use letters of credit from the Federal Home Loan Bank of Atlanta and he Federal Home Loan Bank of Dallas, rather than pledged securities as collateral for the District's deposits in excess of the Federal Deposit Insurance Corporation insured amount. Ms. Shah reported that the bookkeeper will retain the letter of credit

Upon motion by Director Rickelman, seconded by Director Odell, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Resolution Approving Use of Letter of Credit as Collateral for District Funds and Letter of Credit Agreement with Compass and Central Banks.

4. Review report by 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, a copy of which is attached hereto as Exhibit "E." Ms. Rodriguez stated that the District has collected 96.9% of its 2014 taxes. Upon motion by Director Rickelman, seconded by Director McClure, 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. 1043 through 1045 from the Tax Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

5. Review and approve Operations Report and authorize repairs. Mr. Hoffman presented to and reviewed with the Board the Operations Report for the month of April 2015, a copy of which is attached hereto as Exhibit "F." Mr. Hoffman reported that the District pumped 448,000 gallons of water and purchased 8,409,000 gallons of water from the West Harris County Regional Water Authority during the last period and that H2O accounted for 92.48% of the water pumped and purchased by the District during the last period.

Mr. Hoffman reported that H2O is continuing to repair items noted in the hydrant survey and is currently waiting for parts.

Mr. Hoffman reported that the hydrant painting is complete at a final cost of \$4,500.00.

Mr. Hoffman reported that surveying of the valves in Southdown is complete and the repairs will begin at the estimated cost is \$7,500.00.

Mr. Hoffman reported on sewer line maintenance, noting that H2O investigated a sinkhole at 8150 Silent Cedars. Mr. Hoffman reported that the hole was excavated and a repair was found on a 6-inch clay pipe. The repair was resealed and the hole backfilled.

6. Review Engineer's Report. Mr. St. Romain presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as Exhibit "G."

Mr. St. Romain reported that Sanitary Sewer repairs are currently under construction for Middlegate Village.

Mr. St. Romain presented to and reviewed with the Board two cost estimates from Camino Services to replace the District's section of the water plant driveway, a copy of which is attached to the Engineer's report. Mr. St. Romain reported that Option 1 costs \$3,616.84 and includes a base repair, an asphalt patch, and pavement crack sealing. He reported that Option 2 costs \$26,395.20 and includes a base repair and overlay. Discussion ensued regarding the best option. Upon motion by Director Parrish, seconded by Director Odell, after full discussion and the question being put to the Board, the Board voted unanimously to approve Option 2 and authorize the Engineer to draft the contract with Camino Services.

7. **Discuss CJOB meeting.** Director McClure reported that the CJOB meeting is scheduled for May 13, 2015.

8. **District Website.** The Board reported that no one had recently looked at the website. The Board agreed to review the website prior to the June meeting.

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, 2015.



President, Board of Directors

ATTEST:



Secretary, Board of Directors