

MINUTES OF MEETING OF BOARD OF DIRECTORS
October 13, 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 October 13, 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, 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; 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; Mr. Greg Lentz of First Southwest Company LLC, financial advisor 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 September 8, 2015, copies of which were previously distributed to the Board. Director Johnson stated that she was not at the September meeting. Upon motion by Director Rickelman, seconded by Director Parrish, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the regular meeting of September 8, 2015, with the correction noted by Director Johnson.

2. 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 Rickelman, 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. 4684 through 4722 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. 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 "C." Ms. Rodriguez stated that the District has collected 99.2% of its 2014 taxes. 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 accept the Tax Assessor and Collector's Report, and to authorize payment of check nos. 1059 through 1062 from the Tax Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

4. Adopt Order Designating Officer to Calculate and Publish Tax Rate for 2015. Mr. Lentz presented to and reviewed with the Board the 2015 I&S Tax Rate Analysis, a copy of which is attached hereto as Exhibit "D." Mr. Lentz recommended that the District levy a \$0.50 tax rate for 2015 (\$0.11 to service the District's debt and \$0.39 for operations and maintenance expenditures). Discussion ensued regarding current and future projects in the District. Upon motion by Director Rickelman, seconded by Director Parrish, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Order Designating Officer to Calculate and Publish Tax Rate, a copy of which is attached hereto as Exhibit "E," thereby indicating its intent to set a tax rate of \$0.50 per \$100 assessed valuation (\$0.11 per \$100 assessed valuation to pay principal and interest to service the District's debts and \$0.39 per \$100 assessed valuation to fund maintenance and operating expenditures) and to designate Bob Leared as the District's officer to publish the proposed tax rate in the Houston Chronicle. Publish in Chronicle.

5. Review and approve Operations Report and authorize repairs. Mr. Board presented to and reviewed with the Board the Operations Report for the month of September 2015, a copy of which is attached hereto as Exhibit "F." Mr. Board reported that the District pumped 574,000 gallons of water and purchased 16,223,000 gallons of water from the West Harris County Regional Water Authority ("WHCRWA") during the last period.

Mr. Board reported on the water plant fence, stating that a representative of H2O is are meeting with the fence contractor this week to discuss options for repair.

Mr. Board reported that the generator at the water plant failed during a rain event. Mr. Board stated that the control board was replaced at a final cost of \$5,900.53. Mr. Board stated that he will submit an insurance claim.

Mr. Board reported that the Pressure Chart Recorder failed and will need to be replaced at an estimated cost of \$2,000. Mr. Board stated that he will submit an insurance claim.

Mr. Board stated that the hydrant maintenance is complete at a cost to date of \$4,570.91.

Mr. Board reported that the Southdown valve survey is complete and the repairs are continuing at a cost to date of \$4,622.06.

Mr. Board reported that the valve replacement is complete at a cost to date of \$14,677.03.

Mr. Board reported that the meter vault covers have been installed at both Highway 6 and Forest Trails, and at Lowery Elementary school at a final cost of \$5,293.76.

Mr. Board reported on the sewer line manhole repairs at 8315 Town Creek, 8118 Silent Cedar, and 8214 River Glade, stating that the repairs have been completed at a final cost of \$8,199.04.

Upon motion by Director Rickelman, seconded Director Parrish, after full discussion and the question being put to the Board, the Board voted unanimously to authorize H2O to replace the Pressure Chart Recorder at a cost of \$2,000.

6. Review WHCRWA Increase in Fees. Ms. Shah presented to and reviewed with the Board the notice regarding an increase in fees from WHCRWA, a copy of which is attached hereto as Exhibit "G."

7. 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 "H."

Mr. St. Romain reported that the Middlegate sanitary sewer repairs are under construction. Mr. St. Romain requested approval of Pay Estimate 2 in the amount of \$85,956.59.

Mr. St. Romain reported that the water plant driveway repair is complete. Mr. St. Romain requested approval of Pay Estimate No. 1 and Final in the amount of \$29,389.20.

Mr. St. Romain reported that the external tank inspections are scheduled to be conducted next week.

Mr. St. Romain reported on the site approval request from Joyful Spring Child Center. Mr. St. Romain stated that H2O will conduct an inspection.

Upon motion by Director Odell, seconded Director Rickelman, after full discussion and the question being put to the Board, the Board voted unanimously to approve Pay Estimate No. 2 in the amount of \$85,956.59 and Pay Estimate No. 1 and Final in the amount of \$29,389.20.

7. Renew District Insurance. 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 accept the proposal from Arthur J. Gallagher and to authorize the Board President to sign such proposal.

8. Indemnification of Directors. Ms. Shah stated that to the extent that the directors and officer's insurance policy does not cover losses of directors carrying out the lawful business and duties of the District in good faith, then the District can indemnify the directors for losses. Upon motion by Director Rickelman, seconded by Director Parrish, after full discussion and the question being put to the Board, the Board voted unanimously to approve the District's indemnification of directors for losses arising from the directors carrying out their lawful duty, to the extent that such losses are not otherwise covered by insurance.

9. Discuss Copperfield Joint Operations Board ("CJOB") meeting. Director Rickelman stated that he will be attending the meeting on October 14, 2015. Mr. Board reported on the September CJOB meeting, stating that the majority of the sanitary sewer rehabilitation project is complete, and that the grey water research is progressing.

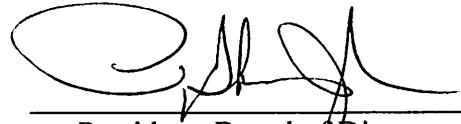
10. Review District website. Director Odell stated that the Director information on the website has not been updated. Ms. Shah stated that she follow up with the website administrator.

11. Other Matters. Ms. Shah presented to and reviewed with the the Board the Right of Entry Agreement between WHCRWA and the District, a copy of which is attached hereto as Exhibit "I." Mr. Board stated that the agreement allows WHCRWA access to the meters within the Copperfield Districts without H2O present. Mr. Hoffman stated that he discussed the agreement with Ms. Cogburn. Upon motion by Director Odell, seconded by Director Rickelman, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Right of Entry Agreement with WHCRWA and to authorize the President to sign the document.

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 November 10, 2015.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

