

MINUTES OF MEETING OF BOARD OF DIRECTORS
November 10, 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 November 10, 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; Mr. Tim Applewhite of McCall Gibson Swedlund Barfoot PLLC, auditors 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 October 13, 2015, copies of which were previously distributed to the Board. 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 the minutes of the regular meeting of October 13, 2015, as presented.

2. **Public Hearing on 2015 Tax Rate.** The President opened the hearing on the proposed 2015 tax rate. There were no comments on the tax rate from the public. The President closed the hearing.

3. **Adopt Order Setting Tax Rate and Levying Tax for 2015.** The Board reviewed the Order Setting Tax Rate and Levying Tax for 2015, a copy of which is attached hereto as Exhibit "B." 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 adopt the Order Setting Tax Rate and Levying Tax for 2015, thereby levying a tax at a rate of \$0.50 per \$100 assessed valuation (\$0.11 for debt service and \$0.39 for operations and maintenance).

4. Approve Amended District Information Form. Ms. Shah presented to and reviewed with the Board an Amended District Information Form, a copy of which is attached hereto as Exhibit "C." It was noted that the Amended District Information Form will be filed in the Harris County Real Property Records and with the Texas Commission on Environmental Quality. Upon motion by Director McClure, seconded by Director Rickelman, after full discussion and the question being put to the Board, the Board voted unanimously to approve and authorize execution and filing of the Amended District Information Form in the Harris County Real Property Records and with the Texas Commission on Environmental Quality.

5. Approve audit for fiscal year ended July 31, 2015. Mr. Applewhite presented to and reviewed with the Board the annual financial audit for the fiscal year ended July 31, 2015 and the management representation letter, copies of which are attached hereto as Exhibits "D" and "E." Mr. Applewhite explained the auditing standards and requested that all Directors review the language in the Management Discussion and Analysis. Upon motion by Director Odell, seconded by Director McClure, after full discussion and the question being put to the Board, the Board voted unanimously to approve the audit for fiscal year ended July 31, 2015, subject to changes made by the auditor.

6. 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 "F."

Ms. Kay reported that the Certificate of Deposit ("CD") from Plain State Bank will mature on November 12, 2015. Discussion ensued regarding current CD rates.

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 Bookkeeper's Report, to authorize payment of check nos. 4681, 4682 and 4719 through 4744 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.

7. Review Contract with Myrtle Cruz, Inc. and take necessary action. Ms. Kay presented to and reviewed with the Board the Contract with Myrtle Cruz, Inc., a copy of which is attached hereto as Exhibit "G." Ms. Kay reviewed the rate increase of \$15.00 per hour. The Board agreed to review the contract and take action at the December meeting.

8. 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 "H." Ms. Rodriguez stated that the District has collected 99.2% 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. 1063 through 1065 from the Tax Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

9. Review and approve Operations Report and authorize repairs. Mr. Board presented to and reviewed with the Board the Operations Report for the month of October 2015, a copy of which is attached hereto as Exhibit "I." Mr. Board reported that the District pumped

451,000 gallons of water and purchased 14,171,000 gallons of water from the West Harris County Regional Water Authority ("WHCRWA") during the last period.

Mr. Board reported that he received two estimates to repair the fence at the Water Plant. Discussion ensued regarding the estimates received from Foster Fence LTD and Fencecrete America, Inc. 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 award the fence repair contract to Foster Fence LTD at a cost of \$24,385.

Mr. Board reported that H2O is processing the insurance claim for the water plant generator and the pressure chart recorder.

Mr. Board reported that the PSI Chart Recorder has been installed and will be invoiced in December.

Mr. Board reported that the east security beam failed and was repaired and tested at a final cost of \$1,027.13.

Mr. Board reported that the gate stop which holds the alarm contacts in place on the front gate was repaired due to false security alarms at the Water Plant at a final cost of \$1,064.70.

Mr. Board reported that the well production tests were completed and that the well is in excellent condition.

Mr. Board reported that the hydrant at the 8500 block of Pearl Lake was hit and will need to be replaced. Mr. Board requested approval to replace the hydrant at an estimated cost of \$6,500.

Mr. Board reported that the Southdown valve repairs are complete and will be invoiced in December.

Mr. Board reported that H2O repaired a tap line leak at 15403 Pebble Lake and reset the landscaping at a final cost of \$2,662.62.

Mr. Board reported that H2O replaced the 2" meter and curb stop and raised the meter location 2' at the Club Lake Pool at a final cost of \$3,296.84.

Upon motion by Director McClure, seconded Director Odell, after full discussion and the question being put to the Board, the Board voted unanimously to approve the hydrant replacement at a cost of \$6,500.

10. Ratify approval of Right of Entry Agreement with WHCRWA. 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 ratify the approval of the Right of Entry agreement with WHCRWA.

11. 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 "J."

Mr. St. Romain reported that the Middlegate sanitary sewer repairs are under construction and that there are no pay estimates this month.

Mr. St. Romain reported that the Water Plant driveway repair is complete.

Mr. St. Romain reported that the external tank inspections were conducted and that the tanks are in fair condition. Mr. St. Romain reported that he will be meeting with his team to discuss the repairs that are needed in and around the hatches. Mr. St. Romain discussed with the Board the option of conducting the full tank inspection to assess other repairs that need to be completed, including the possibility of a recoating project. Mr. St. Romain stated that he will have additional information to provide at the December meeting regarding the repairs and possible additional inspections.

9. Discuss Copperfield Joint Operations Board (“CJOB”) meeting. Director Rickelman discussed the water reuse project with the Board, stating that based on AECOM’s research, it will take between 17-20 years to recover the capital costs through West Harris County Regional Water Authority (WHCRWA) credits. Discussion ensued regarding Mr. Duncan’s research and the four scenarios presented in the memorandum. Director Rickelman reported that AECOM will review their analysis with the engineers for WHCRWA as the next step in the process.

10. Review District website. Director McClure stated that the Director and Consultant information on the website has not been updated. Ms. Shah stated that requested the update and will follow up with the administrator again. Director Johnson requested that the March agenda include discussion of a new website administrator.

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

* * *

The foregoing minutes were passed and approved by the Board of Directors on December 8, 2015.



President, Board of Directors

ATTEST:


Secretary, Board of Directors

