

MINUTES OF MEETING OF BOARD OF DIRECTORS  
January 12, 2016

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 January 12, 2016 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 December 8, 2015, copies of which were previously distributed to the Board. Upon motion by Director Parrish, seconded by Director McClure, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the regular meeting of December 8, 2015, as presented.

**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."

Ms. Kay stated that she made revisions to the miscellaneous line in the budget as requested by the Board in December.

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. 4762 through 4788 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 amended budget for fiscal year ending July 31, 2016.** This was discussed in item #2.

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 "C." Ms. Rodriguez stated that the District has collected 61.6% of its 2015 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. 1068 through 1070 from the Tax Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

5. **Consider Property Tax Exemptions.** Ms. Rodriguez presented to and reviewed with the Board the Order Adopting Exemptions from Taxation, a copy of which is attached hereto as Exhibit "D." Ms. Rodriguez noted that the District currently has a tax exemption in place for individuals who are disabled or are 65 years of age or older. Upon motion by Director Odell, seconded by Director Parrish, after full discussion and the question being put to the Board, the Board voted unanimously to adopt an Order Authorizing Exemption from Taxation for \$25,000 of the appraised value of residence homesteads within the District for individuals who are disabled or are 65 years of age or older.

6. **Adopt Resolution Authorizing Additional Penalty on Delinquent Taxes.** Ms. Rodriguez presented to and reviewed with the Board the Order Authorizing Additional Penalty on Delinquent Taxes under Sections 33.07, 33.11 and 33.08, Tax Code (the "Resolution"), a copy of which is attached hereto as Exhibit "E." Ms. Rodriguez reported that the revenue collected by levying this penalty is used to pay the delinquent tax attorney for the services provided to the District. 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 Resolution.

7. **Review and approve Operations Report and authorize repairs.** Mr. Board presented to and reviewed with the Board the Operations Report for the month of December 2015, a copy of which is attached hereto as Exhibit "F." Mr. Board reported that the District pumped 403,000 gallons of water and purchased 7,197,000 gallons of water from the West Harris County Regional Water Authority ("WHCRWA") during the last period.

Mr. Board reported that the fence repair at the water plant is complete at a cost to date of \$2,233.93. Mr. Board stated that the fence will be pressure washed.

Mr. Board reported that the water chlorine pump failed and was replaced at a final cost of \$2,047.41.

Mr. Board reported that the H2O issued a back charge for the hydrant at the 8500 block of Pearl Lake that was replaced at final cost of \$7,407.07.

Mr. Board reported that H2O responded to a leak at 8207 Green Bank and repaired the tap line at a final cost of \$1,284.39.

Mr. Board reviewed automatic meter propagation study conducted by Badger. Mr. Board reported on the results of the study, stating that the issue is where to put the collector, as

Badger is recommending placing it 75 feet in the air. Discussion ensued regarding possible places to put to the connector, including cellular phone towers. Mr. Board stated that Badger will re-run the study to look for other locations for the collector. Mr. Board stated that another company can also conduct the study.

Mr. Board stated that H2O is working with the Texas Commission on Environmental Quality on a Nitrification Action Plan.

**8. 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 requested approval for Pay Estimate No. 3 (final) in the amount \$37,772.49. 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 approve Pay Estimate No. 3 (final) in the amount of \$37,772.49.

**9. Authorize publication of Notice of Exemption from use of Electronic Voting System.** Ms. Shah presented to and reviewed with the Board the Resolution Authorizing Publication of Notice of Exemption from Use of Electronic Voting System, a copy of which is attached hereto as Exhibit "H." 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 Resolution Authorizing Publication of Notice of Exemption from Use of Electronic Voting System.

**10. Approve Eminent Domain Annual Report to Comptroller of Public Accounts.** Ms. Shah reviewed with the Board the required filing of the Eminent Domain Annual Report to the Comptroller of Public Accounts. Ms. Shah stated that such documentation is required to be filed by February 1, 2016. Upon motion by Director Odell, seconded by Director Parrish, after full discussion and the question being put to the Board, the Board voted unanimously to approve the filing of the Eminent Domain Annual Report to Comptroller of Public Accounts.

**11. Discuss Copperfield Joint Operations Board ("CJOB") meeting.** Director McClure discussed the water reuse project with the Board, stating that Mr. David Oliver of Allen Boone Humphries Robinson LLP attended the December meeting and discussed the Texas Water Development Board ("TWDB") State Revolving Fund ("SRF"). Director McClure discussed the WHCRWA water reimbursement credits, the payback periods, and future revenues based on the SRF and water reimbursement credits. Director McClure reported that the CJOB Board voted to authorize the consultants to move forward with the SRF application.

**12. Review District website.** Director McClure stated that the information on the website is up to date.

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 February 9, 2016.

  
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President, Board of Directors

ATTEST:

  
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Secretary, Board of Directors

