

MINUTES OF MEETING OF BOARD OF DIRECTORS
June 14, 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 7546 Club Lake Drive, Houston, Texas, on June 14, 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; Ms. Alene Efaw of Brown & Gay Engineers, Inc. ("BGE"), engineers for the District; Mr. Hudson Kennedy of McCall Gibson Swedlund Barfoot PLLC, auditor for the District; Mr. Phillip Alexander of AIS Web Design; 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. **Public Comments.** There were no public comments.
2. **Approve Minutes.** Consideration was given to the approval of the minutes of the regular meeting of May 10, 2016, copies of which were previously distributed to the Board. 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 the minutes of the regular meeting of May 10, 2016, as presented.
3. **Review Ethics Policy.** Ms. Shah presented to and reviewed with the Board the Ethics Policy, a copy of which is attached hereto as Exhibit "B."
4. **Approve budget for fiscal year ending July 31, 2017.** There was no action taken at this time, as the budget meeting is scheduled for June 28, 2016.
5. **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 97.5% of its 2015 taxes.

Ms. Rodriguez discussed the status of the District's payment plan with 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 accept the Tax Assessor and Collector's Report, and to authorize payment of check nos. 1086 through 1089 from the Tax Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

6. Presentation by website administrator. Director Johnson recognized Mr. Alexander, who presented to and reviewed with the Board a proposal for website administrative services, a copy of which is attached hereto as Exhibit "D." Mr. Alexander presented options for website redesign and monthly maintenance. Discussion ensued. The Board did not take any action at this time.

7. Engage auditor for fiscal years ending July 31, 2016 and July 31, 2017. Mr. Kennedy presented to and reviewed with the Board a letter of engagement from McCall Gibson Swedlund Barfoot PLLC, a copy of which is attached hereto as Exhibit "E." Mr. Kennedy estimated the fee for auditing of the District's financial statements for the years ending July 31, 2016 and July 31, 2017 will range between \$9,000 and \$10,000 per year. 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 engage McCall Gibson Swedlund Barfoot PLLC to audit the District's financial statements for the years ending July 31, 2016 and July 31, 2017 and to authorize the President to sign the engagement letter.

8. 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."

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. 4878 through 4909 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.

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 May 2016, a copy of which is attached hereto as Exhibit "G." Mr. Board reported that the District pumped 391,000 gallons of water and purchased 9,720,000 gallons of water from the WHCRWA during the last period.

Mr. Board reported that the exterior coating repairs at the Water Plant should be completed by the end of next week at an estimated cost of \$12,000.

Mr. Board stated that the coolant system on the well engine failed and was replaced at a final cost of \$2,959.19.

Mr. Board discussed the Automatic Meter Program with the Board, stating that he will continue to update the Board with progress from the other districts before moving forward.

Mr. Board reported that H2O has begun the annual valve survey for Northmead.

Mr. Board reported that Phase E of the cleaning and televising of the sewer lines has begun.

Mr. Board stated that H2O has begun bench line testing at the water plant and in the field for Nitrate and Nitrites for the new Nitrification Action Plan.

Mr. Board reported that the Consumer Confidence Report was sent out to residents in the most recent bill.

10. Review Engineer's Report. Ms. Efaw presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as Exhibit "H ."

Ms. Efaw reported that the yearly inspection of the 610,000 gallon ground storage tank at the Water Plant was completed. Ms. Efaw stated that the report is being prepared.

Ms. Efaw stated that a site visit is scheduled with H2O to discuss the future electrical improvement project.

Ms. Efaw stated that H2O is coordinating the cleaning and televising of Phase E of the sanitary sewer lines.

11. Discuss Copperfield Joint Operations Board ("CJOB") meeting. Director McClure stated that the WHCRWA finance committee discussed the water reimbursement credit request and they do not approve reimbursement credits for a distribution system.

Director McClure reported that AECOM submitted the completed project information forms to the Texas Water Development Board ("TWDB"). Director McClure reported that the green project ranking information will not be released until the end of June.

Director McClure reported on the Effluent Use Agreement with Hearststone County Club, stating that the CJOB Board voted to maintain the current rate of \$1.05 per 1000 gallons.

12. Review District website. Director McClure stated that the website administrator has not updated the Calendar of Events, and that the Engineer information is wrong. The Board agreed to discuss the presentations from Off Cinco and AIS Design at the budget meeting. The Board requested that Ms. Shah locate the contract with Texas Network and send it to the Board.

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, 2016.

Sue McClure

President, Board of Directors

ATTEST:

Karen E. Obee

Secretary, Board of Directors

