

MINUTES OF MEETING OF BOARD OF DIRECTORS
September 13, 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 September 13, 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, 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; Ms. Alene Efaw of BGE, Inc. ("BGE"), engineers for the District; Mr. Richard Rosenberg, resident of the District; Mr. Greg Lentz of Hilltop Securities, financial advisor for the District; Ms. Shannon Waugh of Off Cinco, website designer for the District; Mr. Brian Kelly of the Puppy Primper; 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. The President recognized Mr. Rosenberg, who stated that he would like an update regarding the flood study. Ms. Efaw stated that BGE is currently working on the study and plans to submit the findings to Harris County Flood Control by November 1, 2016.

2. Approve Minutes. Consideration was given to the approval of the minutes of the special meeting of June 28, 2016 and the regular meeting of August 9, 2016, copies of which were previously distributed to the Board. 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 minutes of the special meeting of June 28, 2016 and the regular meeting of August 9, 2016, 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 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. 4962 through 4984 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.

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 98.8% of its 2015 taxes.

Ms. Rodriguez requested approval to move the American Limos and Sedans and FHCO accounts to the uncollectible roll for the 2011 taxes.

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 accept the Tax Assessor and Collector's Report, and to authorize payment of check nos. 1097 through 1099 from the Tax Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report, and to authorize moving the 2011 past due accounts for American Limos and Sedans and FHCO to the uncollectible roll.

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 August 2016, a copy of which is attached hereto as Exhibit "D." Mr. Board reported that the District pumped 474,000 gallons of water and purchased 12,882,000 gallons of water from the WHCRWA during the last period.

Mr. Board reported that H2O is waiting for the contractor to begin the work on the control room coating repair project.

Mr. Board reported that H2O is installing the total chlorine & ORP analyzer and the ammonia analyzer for the surface water monitoring. Mr. Board stated that H2O is ordering the total chlorine & ORP analyzer and the ammonia analyzer for the distribution water monitoring.

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

Mr. Board reported that the valve survey in Middlegate is complete and that H2O is reviewing the survey.

Mr. Board reported that the semi-annual line cleaning along Windy Cove and Meadow Village is complete at a final cost of \$2,334.74.

Mr. Board stated that H2O located a clean out and removed a concrete boot that was surrounding it. Mr. Board reported that a clean out box was installed at a final cost of \$1,681.22.

Mr. Board stated that H2O is continuing the bench line testing for the Nitrification Action Plan.

Mr. Board stated that H2O completed the Texas Commission on Environmental Quality compliance inspection and that no issues were noted. Mr. Board stated that they are waiting for the final report.

6. Consider the possible termination of water and sewer service to the Puppy Primper and take any necessary action. Mr. Board stated that the Puppy Primper passed all of the required inspections on September 6, 2016 and that no action is needed.

7. Adopt Order Designating Officer to Calculate and Publish Tax Rate for 2016. Mr. Lentz presented to and reviewed with the Board the 2016 I&S Tax Rate Analysis, a copy of which is attached hereto as Exhibit "E." Mr. Lentz recommended that the District levy a \$0.495 tax rate for 2016 (\$0.10 to service the District's debt and \$0.395 for operations and maintenance). Discussion ensued regarding current and future projects in the District, including the Copperfield Joint Operations water reuse project. 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 adopt the Order Designating Officer to Calculate and Publish Tax Rate, a copy of which is attached hereto as Exhibit "F," thereby indicating its intent to set a tax rate of \$0.495 per \$100 assessed valuation (\$0.10 per \$100 assessed valuation to pay principal and interest to service the District's debts and \$0.395 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.

8. Discuss options for Copperfield Water Reuse Project with Financial Advisor. Mr. Lentz stated that he reviewed the financial information provided by AECOM and attended the phone conference with the Texas Water Development Board ("TWBD") regarding the application process. Discussion ensued regarding the Texas Water Development Board ("TWBD") bond issue process and the resulting future tax rates for the District.

Director Parrish entered the meeting at this time.

9. Review District website and take any necessary action. Ms. Waugh presented to and reviewed with the Board the new website design and stated that the website is now live.

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 "G."

Ms. Efaw stated that BGE and H2O reviewed the Phase E Televising and Cleaning tapes. Ms. Efaw stated that a rehabilitation recommendation will be made after the next two lines of televising and cleaning are complete.

Ms. Efaw reported on the Southdown Village impact study, stating that the survey work has been completed. Ms. Efaw stated that the drainage impact study will take approximately two months to complete and BGE expects to submit the results to Harris County Flood Control on November 1, 2016.

Ms. Efaw stated that the water plant ground storage tank no. 1 and the two hydroneumatic tanks will have the five year internal and external inspections in October.

11. Review District Insurance. The Board agreed to obtain proposals from Arthur J. Gallagher and Aquasuarance.

12. Discuss Copperfield Joint Operations Board “CJOB” meeting. Mr. Board reviewed the Operator’s and Engineer’s Reports that were presented at the August meeting.

Mr. Board stated that Harris County Municipal Utility District Nos. 163 and 179 are no longer interested in moving forward with the water reuse project at this time. Mr. Board also stated that Director Moody spoke with Gary Struzick, Director on the West Harris County Regional Water Authority Board of Directors, and was informed that there has not been any recent discussion on the water reimbursement credit request.

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 October 11, 2016.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

