

MINUTES OF MEETING OF BOARD OF DIRECTORS
November 8, 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 November 8, 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 of H2O Consulting ("H2O"), operator of the District's facilities; Ms. Alene Efaw of BGE, 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 11, 2016, copies of which were previously distributed to the Board. 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 approve the minutes of the regular meeting of October 11, 2016, as presented.

2. Approve audit for fiscal year ended July 31, 2016. Mr. Applewhite presented to and reviewed with the Board the annual financial audit for the fiscal year ended July 31, 2016 and the management representation letter, a copy of which are attached hereto as Exhibit "B." 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, 2016, subject to changes made by the auditor and NRF.

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 "C."

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 accept the Bookkeeper's Report, to authorize payment of check nos. 5033 through 5051 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. Amend budget for fiscal year ending July 31, 2017. Ms. Kay stated that the maintenance tax line item was adjusted to \$646,602 in the budget for fiscal year ending July 31, 2017 to reflect the 2016 tax rate. 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 amend the budget for fiscal year ending July 31, 2017 to adjust the amount of the maintenance tax revenues.

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 "D." Ms. Rodriguez stated that the District has collected 2.1% of its 2016 taxes.

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. 1109 through 1111 from the Tax Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

6. Review and approve Operations Report and authorize repairs. Mr. Hoffman presented to and reviewed with the Board the Operations Report for the month of October 2016, a copy of which is attached hereto as Exhibit "E." Mr. Hoffman reported that the District pumped 386,000 gallons of water and purchased 14,165,000 gallons of water from the WHCRWA during the last period. Mr. Hoffman stated that H2O located a tap-line link that could account for the low accountability. Discussion ensued regarding the low accountability in the District.

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

Mr. Hoffman reported that the total chlorine & ORP analyzer and the ammonia analyzer for the both the surface water monitoring and the distribution water monitoring have been installed. Mr. Hoffman stated that training is being scheduled and that the cost to date is \$31,803.50.

Mr. Hoffman reported that the chlorine tank was leaking at the sight glass and needed to be repaired at a final cost of \$1,175.97.

Mr. Hoffman reported on the semi-annual well production test, stating that there are no concerns with the well.

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

Mr. Hoffman reported that H2O excavated to locate the valve at 15463 Pebble Lake and replaced the broken valve stack at a final cost of \$1,583.19.

Mr. Hoffman reported that H2O located a tap line leak under an irrigation line at 15302 Quite Creek. Mr. Hoffman stated that the leak has been repaired and will be invoiced in December.

Mr. Hoffman reported that 15 feet of manhole #3 has been sealed to stop infiltration at a final cost of \$2,245.89.

Mr. Hoffman reported that the cleaning and televising of the sewer lines on Meadow Village and West Road is complete.

Mr. Hoffman reported that H2O is beginning the survey of the Northmead manholes.

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

7. 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 "F."

Ms. Efaw reported on the sanitary sewer rehabilitation project for Southdown Village Section 1, stating that the designs are underway. Ms. Efaw stated that BGE plans to submit the plans to Harris County for review by mid-November.

Ms. Efaw reported on the preliminary results from the Southdown Village drainage impact study. Discussion ensued regarding the improvement options. Ms. Efaw stated that the drainage impact study will be submitted to Harris County the week of November 14, 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 November. Ms. Efaw stated that BGE is coordinating with H2O to schedule the inspections.

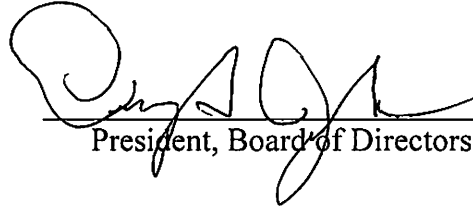
8. Discuss Copperfield Joint Operations Board "CJOB" meeting. Director McClure reviewed the Operator's and Engineer's Reports that were presented at the October meeting.

9. Review District website and take any necessary action. Director McClure stated that the website is up to date and all information presented is correct.

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 13, 2016.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

