

MINUTES OF MEETING OF BOARD OF DIRECTORS
September 12, 2017

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 7926 Highway 6 North, Houston, Texas 77095, on September 12, 2017 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 Director Parrish. 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. ("MCI"), 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. Greg Lentz of FirstSouthwest, a Division of Hilltop Securities, Inc. ("FirstSouthwest"), financial advisor for the District; and Ms. Erika Smiley of Norton Rose Fulbright US LLP ("NRF"), attorney 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 August 8, 2017, a copy of which were previously distributed to the Board. 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 approve the minutes of the regular meeting of August 8, 2017, 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."

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. 5265 through 5306 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 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 98.17% of its 2016 taxes.

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 accept the Tax Assessor and Collector's Report, and to authorize payment of check nos. 1150 through 1153 from the Tax Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

4. Adopt Order Designating Officer to Calculate and Publish Tax Rate for 2017. Mr. Lentz presented to and reviewed with the Board the 2017 I&S Tax Rate Analysis, a copy of which is attached hereto as Exhibit "D." Mr. Lentz recommended that the District levy a \$0.495 tax rate for 2017 (\$0.095 to service the District's debt and \$0.400 for operations and maintenance). 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 adopt the Order Designating Officer to Calculate and Publish Tax Rate, a copy of which is attached hereto as Exhibit "E," thereby indicating its intent to set a tax rate of \$0.495 per \$100 assessed valuation (\$0.095 per \$100 assessed valuation to pay principal and interest to service the District's debts and \$0.400 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.

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 2017, a copy of which is attached hereto as Exhibit "F." Mr. Board reported that the District pumped 380,000 gallons of water and purchased 11,504,000 gallons of water from the West Harris Regional Water Authority ("WHCRWA") during the last period.

Mr. Board reviewed a memo detailing the events surrounding Hurricane Harvey, a copy of which is attached to the Operations Report.

Mr. Board reported that H2O has ordered the materials to replace the hatch at GST No. 1 at an estimated cost of \$4,000.

Mr. Board reported that H2O has ordered the starter package for the automatic meters and will schedule installation when the meters arrive.

Mr. Board reported on a two-inch tapline leak on West Road, stating that the job is complete at a final cost of \$6,174.84.

Mr. Board reported that H2O has begun the annual valve water line survey in Northmead.

Mr. Board reported that H2O has scheduled the commercial meter testing.

Mr. Board reported on and requested approval to replace inoperable water main valves, stating that the Main Line Valve No. 14 at Club Lake and Ridge Park and Main Line Valve No. 229 at 15323 Windy Cove Dr. need to be replaced at an estimated cost of \$10,000.00 per valve.

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 authorize replacement of Main Line Valve No. 14 and Main Line Valve No. 229 at an estimated cost of \$10,000.00 per valve.

Mr. Board reported on the semi-annual sewer line cleaning from West Road to Windy Cove, stating that the cleaning is complete and will be invoiced next month.

Mr. Board reported smoke testing will be performed throughout Northmead for an estimated cost of \$25,000.00. 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 authorize smoke testing at an estimated cost of \$25,000.00. It was the consensus of the Board to place notice of smoke testing on the District's website.

Mr. Board asked for direction regarding late fees and hardship requests. He stated that H2O did not turn off any accounts prior to Hurricane Harvey. Discussion ensued. It was the consensus of the Board to waive late fees for bills due at the end of August and September, and approve hardship requests on a case by case basis at the discretion of H2O. The Board asked H2O to provide an update each month.

Mr. Board reported that H2O is continuing lead and copper testing.

Mr. Board presented to and reviewed with the Board the Addendum to Agreement for ACH Services, a copy of which is attached hereto as Exhibit "G." 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 authorize the execution of the Addendum to Agreement for ACH Services.

Mr. Board informed the Board that the West Harris County Water Authority is increasing its rates.

Mr. Board reported on an account adjustment request. He stated that the Alam account requested the Board waive two returned check fees, in the total amount of \$50.00, as they were applied to his account due to bank error. Discussion ensued. It was the consensus of the Board to waive return check fees in the total amount of \$50.00.

6. Authorize execution of Addendum to Agreement for ACH Services. This was addressed under the Operations Report.

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 "H."

Ms. Efaw reported on the Sanitary Sewer Rehabilitation Southdown Village Section 1, stating that the project has been completed and all required materials testing passed. She also requested approval of Pay Estimate No. 2 and Final in the amount \$6,197.60 and Tolunay-Wong Engineers, Inc. material testing proposal in the amount of \$2,634.00. She stated the pay estimate and material testing proposal were approved in the Bookkeeper's Report.

Ms. Efaw reported on the Water Plant Electrical Improvements, stating that BGE is under design for the improvements and the expected completion of plan design and agency approval is December 1, 2017.

8. Renew District Insurance (expires 11/01/17). The Board agreed to request proposals from Arthur J. Gallagher and AquaSurance.

9. Indemnification of Directors. This item was deferred.

10. Nominations to Harris County Appraisal District Board of Directors. There was no action taken.

11. Discuss Copperfield Joint Operations Board “CJOB” meeting. Mr. Board reviewed the Operations Report presented at the August CJOB meeting.

12. Review District Website and take any necessary action. There was no action taken.

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 10, 2017.



President, Board of Directors

ATTEST:



Secretary, Board of Directors