

MINUTES OF MEETING OF BOARD OF DIRECTORS
October 10, 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 October 10, 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. 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. Joshua Board of H2O Consulting ("H2O"), operator of the District's facilities; Ms. Alene Efaw of BGE, Inc. ("BGE"), engineers 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 September 12, 2017, 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 regular meeting of September 12, 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 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. 5307 through 5329 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 98.16% of its 2016 taxes.

Upon motion by Director Parrish, 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. 1154 through 1159 from the Tax Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

4. Public Hearing on 2017 Tax Rate. The President opened the hearing on the proposed 2017 tax rate. There were no comments on the tax rate from the public. The President closed the hearing.

5. Adopt Order Setting Tax Rate and Levying Tax for 2017. The Board reviewed the Order Setting Tax Rate and Levying Tax for 2017, a copy of which is attached hereto as Exhibit "D." Upon motion by Director McClure, seconded by Director Parrish, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Order Setting Tax Rate and Levying Tax for 2017, thereby levying a tax at a rate of \$0.495 per \$100 assessed valuation (\$0.095 for debt service and \$0.400 for operations and maintenance).

6. Approve Amended District Information Form The Board reviewed the Amendment to Amended and Restated District Information Form, a copy of which is attached hereto as Exhibit "E." Ms. Smiley reported that this document is recorded in the Harris County Real Property records to provide notice to purchasers of property in the District of the current tax rate in the District.

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 approve the Amendment to Amended and Restated District Information Form.

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 September 2017, a copy of which is attached hereto as Exhibit "F." Mr. Board reported that the District pumped 369,000 gallons of water and purchased 10,874,000 gallons of water from the West Harris Regional Water Authority ("WHCRWA") during the last period.

Mr. Board reported on H2O's Hurricane Harvey response, stating that the total cost of \$2,559.27 includes having employees on site throughout the hurricane.

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

Mr. Board reported on that the gas regulator and solenoid on the booster pump engine had to be replaced at a final cost of \$1,984.61.

Mr. Board reported that the automatic meter starter package should arrive next week.

Mr. Board reported that the annual valve water line survey in Northmead H2O has been completed and H2O has started repairs.

Mr. Board reported that commercial meter testing should be completed this week.

Mr. Board reported that H2O has scheduled the Main Line Valve No. 14 at Club Lake and Ridge Park to be replaced this week.

Mr. Board reported that H2O has scheduled the Main Line Valve No. 229 at 15323 Windy Cove Dr. to be replaced within the next two weeks.

Mr. Board reported that H2O repaired a main break under the driveway at 15614 Windy Cove Dr. and replaced the driveway and landscaping at a final cost of \$8,313.38.

Mr. Board reported that H2O replaced the tapline at 7630 Creek Glen Dr. at final cost of \$3,394.89.

Mr. Board reported that the semi-annual sewer line cleaning from West Road to Windy Cove was completed at an estimated cost of \$1,500.

Mr. Board reported smoke testing of the sewer lines is scheduled for mid-October.

Mr. Board reported that H2O submitted lead and copper testing results to the TCEQ at a final cost of \$4,063.86.

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

Ms. Efav reported on the Water Plant Electrical Improvements, stating that BGE is under design for the improvements.

Ms. Efav reviewed a summary on the Drainage Impact Study for the District's website. Discussion ensued regarding the summary. It was the consensus of the Board to direct Ms. Efav to revise and condense the report and send the revised version to the Board for review.

9. Renew District Insurance. The Board reviewed the WIN/Arthur J Gallagher & Co. proposal, a copy of which is attached hereto as Exhibit "H." 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 approve the WIN/Arthur J Gallagher & Co. proposal.

10. Indemnification of Directors. Ms. Smiley informed the Board that to the extent that the directors and officer's insurance policy does not cover losses of directors carrying out the lawful business and duties of the District in good faith, then the District can indemnify the directors for losses. Upon motion by Director Odell, seconded by Director Parish, after full discussion and the question being put to the Board, the Board voted unanimously to approve the District's indemnification of directors for losses or defense costs arising from the directors carrying out their lawful duty, to the extent that such losses are not otherwise covered by insurance.

11. Discuss Copperfield Joint Operations Board "CJOB" meeting. Director McClure reviewed the Operations Report presented at the September 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.

* * *

SIGNED AND SEALED this November 14, 2017.



President, Board of Directors



Secretary, Board of Directors