

MINUTES OF MEETING OF BOARD OF DIRECTORS  
June 11, 2019

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 5870 Highway 6 North, Houston, Texas 77095, on June 11, 2019, 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 and Chad King of H2O Consulting ("H2O"), operator of the District's facilities; Ms. Alen Efaw of BGE, Inc. ("BGE"), engineers for the District; and Mr. Dimitri Millas and Ms. Shaila Sreedharan 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. 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 14, 2019, a copy of which was previously distributed to the Board. Upon motion by Director Rickelman, seconded by Director Parrish, 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 14, 2019, 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*.

Ms. Kay reported that two certificates of deposit were renewed within the month of April.

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 accept the Bookkeeper's Report, to authorize payment of check nos. 5785 through 5806 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 as of May 31, 2019, the District has collected 96.8% of its 2018 taxes.

Ms. Rodriguez reported that the District's 2019 preliminary tax value is \$187,700,000.

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, to authorize payment of check nos. 1245 to 1251 from the Tax Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

**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 May 2019, a copy of which is attached hereto as *Exhibit D*. Mr. Board reported that the District pumped 611,000 gallons of water and purchased 4,150,000 gallons of water from the West Harris Regional Water Authority ("WHCRWA") during the last period.

Mr. Board reported that he is waiting on additional quotes for the covering of the diesel storage tank.

Mr. Board reported on the automatic meter reading, noting that the meters should be delivered this week.

Mr. Board reported that the mainline valve survey in Northmead is complete at a final cost of \$1,422.81. He stated that H2O will begin the repairs.

Mr. Board recommended scheduling smoke testing on the sanitary sewer system in Middle Gate at estimated cost of \$25,000. Discussion ensued regarding the related budget item.

Mr. Board reported that H2O will begin to work on a five year capital improvement plan for the District.

Mr. Board presented a flyer regarding hurricane season and text message alerts to the Board, a copy of which is attached hereto as *Exhibit E*. Discussion ensued and the Board authorized H2O to mail the flyer to the residents and post it to the District website.

Upon motion by Director Rickelman, seconded by Director Parrish, after full discussion and the question being put to the Board, the Board voted unanimously to authorize H2O to schedule the smoke testing in Middle Gate at an estimated cost of \$25,000.

**6. 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 water plant electrical improvements, stating that the water plant is back online. She reported that the contractor is addressing the minor punch list items. Discussion ensued regarding the paint and Ms. Efaw noted that the new paint color does not match the existing color. She stated that this issue will be addressed during the next coating project.

7. **Adopt budget for fiscal year ending July 31, 2020.** The Board discussed the budget for fiscal year ending July 31, 2020, a copy of which is attached to the Bookkeeper's Report. Ms. Efaw reported on additional engineering projects, such as the water plant coating and the ground storage tank inspections. Discussion ensued regarding the related costs for the design phase and construction.

Mr. Board discussed the sanitary sewer repairs, noting that a separate line item will be added to the budget for \$100,000. Additional discussion ensued regarding engineering fees for the sanitary sewer repairs. The Board discussed increasing the engineering fees from \$35,000 to \$55,000.

Upon motion by Director Parrish, seconded by Director McClure, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the budget for fiscal year ending July 31, 2020, as revised.

8. **Discuss Copperfield Joint Operations Board "CJOB" meeting.** Director McClure and Mr. Board reported on the projects and repairs that were discussed at the May meeting.

Director McClure and Mr. Board then presented an update on the status of the request from Harris County Municipal Utility District No. 149 ("No. 149"). Director McClure stated that there are no updates at this time, as the No. 149 Board has not made any decisions regarding their involvement in CJOB.

9. **Review Investment Policy and accept party related disclosures from Bookkeeper and Investment Officer.** Mr. Millas presented to and reviewed with the Board the Investment Policy, a copy of which is attached hereto as *Exhibit G*. He noted that there are no recommended changes at this time. He also reported that the bookkeeper provided an updated copy of the Qualified Broker List, a copy of which is attached hereto as *Exhibit H*, and stated that the specific brokers on the list are authorized to engage in investment transactions with 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 Investment Policy and the updated Qualified Broker List.

10. **Review Qualified Broker List.** This was approved with the Investment Policy.

11. **Review Ethics Policy.** Mr. Millas presented to and reviewed with the Board the Ethics Policy, a copy of which is attached to the Investment Policy. He noted that there are no recommended changes to the Ethics Policy. 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 Ethics Policy.

12. **Review District website.** Director McClure reported that there are no issues with the website.

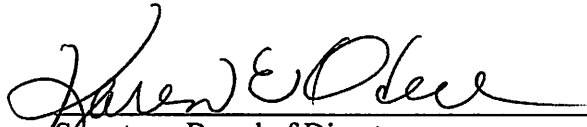
THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, THE MEETING WAS ADJOURNED.

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The foregoing minutes were passed and approved by the Board of Directors on July 9,  
2019.

  
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President, Board of Directors

ATTEST:

  
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Secretary, Board of Directors

