

MINUTES OF MEETING OF BOARD OF DIRECTORS
December 20, 2005

THE STATE OF TEXAS
COUNTY OF HARRIS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 186

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 186 (the "District") met in regular session, open to the public, at the offices of Fulbright & Jaworski L.L.P., 1301 McKinney, Suite 5100, Houston, Texas, at 12:00 p.m. on December 20, 2005; whereupon the roll was called of the members of the Board, to wit:

Gary Henderson, President
Mark Day, Vice President
Jaquelyn Champagne, Secretary
Carol Barnes, Assistant Secretary
Leonard Fojt, Treasurer

All members of the Board were present, except Director Champagne. Also attending all or parts of the meeting were Ms. Patty Rodriguez of Bob Leared Interests ("BLI"), tax assessor and collector for the District; Mr. Jerry Eckert of Turner Collie & Braden, Inc. ("TC&B"), engineer for the District; Mr. Chris Hoffman of H2O Consulting ("H2O"), operator for the District; Ms. Lori Hogue of Myrtle Cruz, Inc., bookkeeper for the District; and Ms. Jana Cogburn, Ms. Jessica Holoubek, and Ms. Kelly Covey of Fulbright & Jaworski L.L.P. ("F&J"), attorneys for the District.

The meeting was called to order and, in accordance with notice posted pursuant to law, copies of Certificates of Posting of which are attached hereto as Exhibit "A," the following business was transacted:

1. **Minutes.** Consideration was given to the approval of the minutes of the meetings of November 15, 2005 and December 5, 2005, previously distributed to the Board. Upon motion by Director Fojt, seconded by Director Barnes, after full discussion and the question being put to the Board, the Board voted unanimously (Director Day abstaining) to approve the minutes of the meeting of December 5, 2005, as presented. Upon motion by Director Fojt, seconded by Director Day, after full discussion and the question being put to the Board, the Board voted unanimously (Director Barnes abstaining) to approve the minutes of the meeting of November 15, 2005, as presented.

2. **Tax Assessor and Collector's Report.** 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 "B." Ms. Guerrero reported that as of November 30, 2005, the District had collected 6.338% of its 2005 taxes.

In a response to a question, the Board directed Ms. Rodriguez not to have an aerial photo taken for 2006.

Upon motion by Director Day, seconded by Director Fojt, 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 checks Nos. 1204 through 1208 from the Tax Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

3. **Operations Report.** Mr. Hoffman presented to and reviewed with the Board the Operations Report, a copy of which is attached hereto as Exhibit "C." Mr. Hoffman reported that H2O accounted for 90.9% of the water pumped in the District in November.

Mr. Hoffman reported that the District pumped 21,668,000 gallons of water during the last period. Mr. Hoffman noted that the District has 11,960,000 gallons and no months remaining on its Harris-Galveston Coastal Subsidence District Permit.

Mr. Hoffman presented to and reviewed with the Board the Maintenance Summary, a copy of which is attached to the Operations Report. Mr. Hoffman reported that Centerpoint Energy damaged a 12 inch water main on FM 529 while setting new poles. Mr. Hoffman reported that a section of the line was replaced and the line was put back into service. Mr. Hoffman reported that he has backcharged Centerpoint Energy for the repair.

Mr. Hoffman reported that he discussed the valve installation at the intersection of Club Lake and Mesa Garden at Harris County Municipal Utility District No. 162's ("No. 162") December meeting. Mr. Hoffman reported that No. 162 has approved installation of a valve at that intersection. Mr. Hoffman reviewed with the Board the layout of the intersection, a copy of which is attached to the Operations Report. Mr. Hoffman noted that No. 162 would like for the District to perform all maintenance of the line. Ms. Cogburn noted that she would prepare a contract between No. 162 and the District for the maintenance of such line.

Mr. Hoffman reported that he has purchased a template sign for the District, that states: "Your Tax Dollars At Work"

Mr. Hoffman reported that the priority one and two repairs for phase eight of the sanitary sewer line repairs are nearing completion.

Mr. Hoffman reported that the priority one and two repairs for phase nine of the sanitary sewer line repairs are nearing completion.

Mr. Hoffman reported that the two contractors have been coordinating to schedule the vault manhole repair. Mr. Hoffman reported that R&L Utilities noticed a problem with the line coming from the west and recommends slip lining 70 feet of the line. Mr. Hoffman reviewed with the Board the estimate to repair the line, a copy of which is attached to the Operations Report. Upon motion by Director Fojt, seconded by Director Day, after full discussion and the question being put to the Board, the Board voted unanimously to have R&L Utilities slip line 70 feet of the line at a cost of approximately \$5,850.

Mr. Hoffman requested the Board's approval to clean and televise phase 10 of the sanitary sewer lines. Upon motion by Director Barnes, seconded by Director Fojt, after full

discussion and the question being put to the Board, the Board voted unanimously to authorize H2O to have phase 10 of the sanitary sewer line cleaned and televised.

Mr. Hoffman reviewed with the Board a request from Mr. Norman Nelson, who resides at 15855 Echo Lodge. Mr. Hoffman reported that Mr. Nelson is requesting an adjustment to his water bill for a broken relief valve that he repaired on December 11, 2005. Mr. Hoffman reported that he read Mr. Nelson's meter and his usage was not abnormally high. The Board discussed its policy on this issue and agreed that Mr. Nelson should not receive a credit since his usage was not abnormally high. The Board asked Mr. Hoffman to relay this information to Mr. Nelson.

4. **Bookkeeper's Report; Approve Investment Report.** The President recognized Ms. Hogue, who presented to and reviewed with the Board the Bookkeeper's Report and monthly Investment Report, copies of which are attached hereto as Exhibit "D." Upon motion by Director Fojt, seconded by Director Day, 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. 5218 through 5239 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 monthly Investment Report.

5. **Approve amendment to Bookkeeper's Contract.** Ms. Hogue presented to and reviewed with the Board a proposed amendment to the District's current bookkeeping contract, a copy of which is attached hereto as Exhibit "E." Ms. Hogue noted the current agreement has been in place for the past seven years. Upon motion by Director Day, seconded by Director Fojt, after full discussion and the question being put to the Board, the Board voted unanimously to approve and authorize execution of the Amendment to the Bookkeeper's Contract.

6. **Engineer's Report.** The President recognized Mr. Eckert, who presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as Exhibit "F." Mr. Eckert reported that TC&B is coordinating with Mr. Hoffman to incorporate the maintenance database into the GIS system.

Mr. Eckert reported that TC&B received plans addressing TC&B's comments for the proposed Copperfield Medical Building located at 7555 Cherry Park Drive. Mr. Eckert reviewed with the Board the "No Objection" letter that was issued on November 18, 2005.

Mr. Eckert reported that plans were resubmitted addressing TC&B's comments for the proposed retail expansion building located on S.H. 6 at FM 529. Mr. Eckert reviewed with the Board the "No Objection" letter that was issued on December 16, 2005.

7. **Discuss and take action in connection with conversion to surface water.** Mr. Eckert reported that R&B Group is continuing progress of laying all the necessary tank connections and preparations for the District to begin the chloramine conversion. Mr. Eckert reported that R&B Group has agreed to a schedule for the completion of construction, a copy of which is attached to the Engineer's Report. Mr. Eckert reported that pipe installation is

scheduled to begin on January 4, 2006. Mr. Eckert reported that TC&B will continue to monitor the progress of construction to try and ensure that the work is completed as soon as possible.

Mr. Eckert presented to and reviewed with the Board Progress Payment No. 4, as copy of which is attached to the Engineer's Report. Mr. Eckert reported that no payment is due.

8. **Discuss and take action in connection with reclaimed water project.** Mr. Eckert updated the Board on the status of the Reclaimed Water Project. Mr. Eckert reported that TC&B has prepared an allocation table for the Board's review, a copy of which is attached to the Engineer's Report. Mr. Eckert reviewed a scope of work that was performed for the Reclaimed Water System Meeting held on December 5, 2005. Mr. Eckert reported that another meeting will be held on January 23, 2006.

9. **Award Contract for vault manhole repair.** Mr. Eckert reported that TC&B is coordinating with Mr. Hoffman to commence construction and provide all necessary inspections for construction quality and completeness.

10. **Review and approve letters to interconnect districts regarding chloramine conversion.** Upon motion by Director Day, seconded by Director Barnes, after full discussion and the question being put to the Board, the Board voted unanimously to authorize the President to execute the letters to its interconnect districts informing them of its chloramine conversion.

11. **Update on District website creation.** Director Barnes updated the Board on the website creation.

12. **Report on Copperfield Joint Operations Board meeting.** Mr. Hoffman updated the Board on the most recent CJOB meeting.

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

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President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)