

MINUTES OF MEETING OF BOARD OF DIRECTORS
May 23, 2006

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 special 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 May 23, 2006; 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. Also attending all or parts of the meeting were Ms. Robin Goin of Bob Leared Interests ("BLI"), tax assessor and collector for the District; Mr. Charles Eastland of Turner Collie & Braden, Inc. ("TC&B"), engineer for the District; Mr. Chris Hoffman of H2O Consulting ("H2O"), operator for the District; Ms. Dana Davis of Myrtle Cruz, Inc., bookkeeper for the District; and Ms. Jana Cogburn and Ms. Kelly Russell 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 April 3, 2006 and April 18, 2006, previously distributed to the Board. Upon motion by Director Champagne, seconded by Director Barnes, after full discussion and the question being put to the Board, the Board voted four in favor, Director Fojt abstaining, to approve the minutes of the meetings of April 3, 2006 and April 18, 2006, as presented.

2. **Qualify Directors, Election of Officers and Approve Certificates of Election.** Ms. Russell presented to and reviewed with the Board the Certificates of Election, copies of which are attached hereto as Exhibit "B." The Board discussed retaining its current slate of officers. Upon motion by Director Barnes, seconded by Director Day, after full discussion and the question being put to the Board, the Board voted unanimously to Qualify the Directors, to approve the Certificates of Election, and to retain its current slate of officers.

3. **Tax Assessor and Collector's Report.** Ms. Goin 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. Goin reported that as of April 30, 2006, the District had collected 92.748% of its 2005 taxes. 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 accept

