

MINUTES OF MEETING OF BOARD OF DIRECTORS
November 20, 2007

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 November 20 2007; whereupon the roll was called of the members of the Board, to wit:

Gary Henderson, President
Mark Day, Vice President
Carol Barnes, Secretary
Leonard Fojt, Treasurer
Charles Bumpass, Assistant Secretary

All members of the Board were present except Director Fojt. 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. Tony Sarman of TCB, Inc. ("TCB"), engineers 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. Nancy Green 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 meeting of October 16, 2007, previously distributed to the Board. 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 approve the minutes of the meeting of October 16, 2007, as presented.

2. **Tax Assessor and Collector's Report.** Ms. Goin presented to and reviewed with the Board the Tax Assessor and Collector's Report, copies of which are attached hereto as Exhibit "B." Ms. Guerrero reported that 3.345% of the District's 2007 taxes and 98.725% of the District's 2006 taxes have been collected. Upon motion by Director Day, seconded by Director Bumpass, after full discussion and the question being put to the Board, the Board voted unanimously to approve to accept the Tax Assessor and Collector's Report, and to authorize payment of check nos. 1327 through 1330 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 the District pumped 9,836,000 gallons of water and purchased 7,652,000 gallons of

water from the West Harris County Regional Water Authority (“WHCRWA”) during the last period and that the District has 91,387,000 gallons and one month remaining on its Harris-Galveston Coastal Subsidence District Permit. Mr. Hoffman reported that H2O accounted for 97.9% of the water pumped in and purchased by the District in October 2007.

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 the paint contractor is completing work in Harris County Municipal Utility District No. 162 and will begin painting the GSTs and hydrotanks in the District when this work is complete.

Mr. Hoffman reported that the dialer upgrade is complete at a final cost of \$1,891.75.

Mr. Hoffman reported that the new chlorine tank was delivered and should be installed in the next week or two.

Mr. Hoffman reported that the water pump on the well engine failed and was replaced. Mr. Hoffman noted that while the engine was being repaired, the mechanic repaired other minor items to get the engine running under specifications. Mr. Hoffman reported that the engine is approximately 25 years old and replacement parts are getting harder to find. Director Henderson requested that Mr. Hoffman provide the Board a cost estimate for replacing the engine.

Mr. Hoffman state that the air compressor line at the hydrotanks were modified to allow the operations personnel to isolate the line to the individual hydrotanks without having to climb on the hydrotank.

Mr. Hoffman reported on water line maintenance and noted that the fire hydrant at the corner of Cherry Park and Highway 6 has been relocated and the final cost was \$2,814.58.

Mr. Hoffman reported that H2O replaced taplines from main to meters at 7105 River Garden and 16015 Brittany Knoll.

Mr. Hoffman reported that the test for tetrachloroethene (“perc”) discharge at Rainbow Cleaners detected slight readings of perc.

Director Bumpass requested _____ left off here.

Upon motion by Director Bumpass, seconded by Director Fojt, after full discussion and the question being put to the Board, the Board voted unanimously to approve painting the GSTs and hydrotanks, purchasing an additional chlorine storage tank and writing off the delinquent accounts listed in the Operations Report.

4. **Bookkeeper’s and Investment Report.** The President recognized Ms. Hogue, who presented to and reviewed with the Board the Bookkeeper’s Report and the Investment Report, copies of which are attached hereto as Exhibit “E.” Upon motion by Director Fojt, seconded by Director Bumpass, 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. 5797 through 5824 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.

5. **Engineer's Report.** The President recognized Mr. Sarman, who presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as Exhibit "F." Mr. Sarman stated that TCB has gathered information on the piping materials and the manhole ID names for updating the GIS mapping system. Mr. Sarman reported that TCB anticipates discussing outstanding material information and clarifying data with H2O next week. Mr. Sarman noted that TCB will continue to update the Board on the status of the project.

Mr. Sarman reported that TCB has finalized the plans for the phase 11 sanitary sewer repairs and has submitted two sets to H2O.

Mr. Sarman reported that TCB has finalized the Emergency Response Plan ("ERP") and will distribute the ERPs as requested. Mr. Sarman noted that the revised document will be submitted to the WHCRWA's contractor to address the questions submitted to the Board.

Mr. Sarman stated that TCB received a set of plans for the St. Mary's expansion and have begun a review. Mr. Sarman noted that TCB will coordinate with H2O and prepare a response letter to address comments.

Mr. Sarman reported that TCB contacted the engineer for Harris County Municipal Utility District No. 257 ("No. 257") engineer and requested a retainer from their district to perform a capacity analysis.

6. **Update on reclaimed water system.** Ms. Cogburn stated that Ms. Sechrist is reviewing the letter of no objection that Harris County Municipal Utility District No. 163 received for consideration.

7. **Report on CJOB meeting.** Director Henderson reported that the Director Folmar of Harris County Municipal Utility District No. 162 requested that the TCB begin design of the reclaimed water system. Mr. Sarman noted that credits for reclaimed water might be issued by the WHCRWA.

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

_____.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)