

MINUTES OF MEETING OF BOARD OF DIRECTORS  
March 18, 2008

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 March 18, 2008; 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. 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 February 19, 2008, previously distributed to the Board. 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 approve the minutes of the meeting of February 19, 2008, 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. Goin reported that 94.968% of the District's 2007 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 the Tax Assessor and Collector's Report, and to authorize payment of check nos. 1341 through 1348 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 838,000 gallons of water and purchased 11,012,000 gallons of

water from the West Harris County Regional Water Authority (“WHCRWA”) during the last period and that the District has 202,866,000 gallons and nine months remaining on its Harris-Galveston Coastal Subsidence District Permit. Mr. Hoffman reported that H2O accounted for 95.2% of the water pumped in and purchased by the District in February 2008.

Mr. Hoffman requested that Ms. Cogburn check with Alex Garcia, legal counsel to the WHCRWA, regarding the District’s builder damages.

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 scheduled to paint the water plant this week.

Mr. Hoffman stated that the GST #1 from well #2 is back in service following the super-chlorinated treatment. Mr. Hoffman reported that the District has not experienced any loss of chlorine residual in the storage tank.

Mr. Hoffman stated that H2O has requested prices from three contractors to repair and/or replace the control building roof.

Mr. Hoffman reported that the 400 hp motor at the offsite well #2 shorted to ground on March 16, 2008. Mr. Hoffman stated that a rental motor was installed and the well is operational. Mr. Hoffman noted that the District’s motor was sent to the motor shop for evaluation.

Mr. Hoffman reported that the high level alarms for the GST’s are not operational because of a problem with some of the old technological controls. Mr. Hoffman stated that the electricians are recommending to pull wire and install a high level float in the GSTs. Mr. Hoffman requested the Board’s approval to install a high level float in GST #1 and #2 at a total estimated cost of \$6,100. 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 installing a high level float in GST #1 and #2 at a total estimated cost of \$6,100.

Mr. Hoffman reported on water line maintenance and noted that H2O repaired the valve stack and re-poured concrete to the valve at 7015 Highway 6.

Mr. Hoffman reported that the blow off installation is complete and that the line was flushed to improve water quality at a final cost of \$3,213.68.

Mr. Hoffman reported that meters for the top 10 water users in the District are on schedule to be repaired at an estimated cost of \$2,500.

Mr. Hoffman reported that the water rate information for the WHCRWA is attached to the Operations Report. Mr. Hoffman asked the Board if they would like to pass the increased price of purchasing water from the WHCRWA on to their customers. No action was taken.

4. **Bookkeeper’s and Investment Report.** The President recognized Ms. Hogue, who presented to and reviewed with the Board the Bookkeeper’s Report, the budget for

the fiscal year ending February, 2009 and the Investment Report, copies of which are attached hereto as Exhibit "D." Ms. Hogue state that she would email the collateral report to the Board after the meeting. Upon motion by Director Barnes, 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. 5923 through 5945 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. **Approve revised broker list for investment policy.** Ms. Hogue reviewed with the Board the revised broker list for the District, a copy of which is attached hereto as Exhibit "E." 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 revised broker list for the investment policy.

6. **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 reported on the GIS mapping system updates and noted that TCB has completed the draft updates to the GIS files and has provided the files to H2O for their review. Mr. Sarman stated that TCB will address H2O's comments upon receipt.

Mr. Sarman reported that TCB received a response from Mattress Pro on the updated plans and that all comments were addressed. Mr. Sarman reported that a letter of no objection is attached to the Engineer's Report.

Mr. Sarman reported that F&J has prepared the documents for the dedication of the St. Mary Coptic Orthodox Church ("St. Mary's") water meter easements.

7. **Approve dedication of water meter easements.** The Board reviewed the dedication of water easements for St. Mary's, copies of which are attached hereto as Exhibit "G." 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 approve the dedication of water easements for St. Mary's.

8. **Cancel Directors Election.** 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 adopt the Order Declaring Unopposed Candidates Elected to Office and approve the Certification of Unopposed Status, copies of which are attached hereto as Exhibit "H."

9. **Report on Copperfield Joint Operations Board ("CJOB") meeting and Update on RWS.** Director Henderson reported that he notified CJOB that the District would not be proceeding with the Reclaimed Water System project. Director Henderson noted that Harris County Municipal Utility District No. 162 ("No. 162") is still planning on moving forward with the project and that Harris County Municipal Utility District No. 188 ("No. 188") is interested in participating in the project with No. 162. Director Henderson stated that No. 162 is looking at revised structures and would like to build a stand alone system with No. 188 as a participant. Director Henderson noted that No. 162 is responsible for irrigating the greenbelts

through Copperfield and noted that the District's participation in the project may be re-assessed at a later date.

Director Henderson reported that discussions also included the useful life asset tables for equipment and structures at the sewer plant.

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:

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Secretary, Board of Directors

(DISTRICT SEAL)