

MINUTES OF MEETING OF BOARD OF DIRECTORS  
December 16, 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 December 16, 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 except Director Fojt. Also attending all or parts of the meeting were Ms. Michelle Guerrero of Bob Leared Interests ("BLI"), tax assessor and collector for the District; Mr. Tony Sarman of AECOM, Inc., 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. Jana Cogburn 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 November 18, 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 November 18, 2008, as presented.

2. **Tax Assessor and Collector's Report.** Ms. Guerrero 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 4.45% of the District's 2008 taxes have been collected. 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 Tax Assessor and Collector's Report and to authorize payment of check nos. 1012 through 1020 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 3,071,000 gallons of water and purchased 12,476,000 gallons

of water from the West Harris County Regional Water Authority ("WHCRWA") during the last period and that the District has 21,908,500 gallons and zero months remaining on its Harris-Galveston Coastal Subsidence District Permit. Mr. Hoffman reported that H2O accounted for 93.1% of the water pumped and purchased by the District in November 2008.

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 on the water plant maintenance and stated that H2O winterized the water plant by installing freeze protection at the offsite well and water plant. Mr. Hoffman stated that H2O wrapped critical lines and valves and installed heaters.

Mr. Hoffman reported that H2O performed maintenance to the chlorine analyzers at a final cost of \$1,068.15.

Mr. Hoffman reported that H2O investigated the air compressor because it was not putting out any air. Mr. Hoffman reported that H2O rented a compressor and added air to the hydro tanks until the compressor could be repaired. Mr. Hoffman noted that H2O also replaced the air compressor check valves for a final repair cost of \$2,262.82.

Mr. Hoffman reported on the lift station maintenance and reported that NTS provided a quote for the generator at the lift station, a copy of which is attached to the Operations Report. The Board reviewed prices for different types of generators. Mr. Hoffman reported that the natural gas quote does not include the gas meter charge or automatic transfer switch.

Ms. Cogburn reported that a program called the Hazard Mitigation Grant Program ("HMGP") provides grants to states and local governments looking to implement long-term hazard mitigation measures after a major disaster declaration such as Hurricane Ike. Ms. Cogburn reported that grants from this program could be used to purchase a generator at the lift station. Mr. Sarman reported that a Notice of Intent ("NOI") form must be submitted to the State of Texas by January 9, 2009 and entered into the system for consideration. Ms. Cogburn reported that if the NOI is accepted, the applicant would prepare and submit a detailed application at that time. In response to a question from Director Day, Ms. Cogburn reported that each of the Copperfield districts should submit an application for their own District. Ms. Cogburn recommended that the District submit the form and authorize a member of the Board to oversee the form submission. Mr. Hoffman recommended including in the application the automatic transfer switch and an upgrade to the engine at the off-site well. In response to a question from Director Henderson, Mr. Hoffman replied that he would investigate the lead time for the project. Upon motion by Director Bumpass, seconded by Director Day, after full discussion and the question being presented to the Board, the Board voted unanimously to approve AECOM and H2O to prepare and submit the form on behalf of the District at a cost not to exceed \$2,000 and to authorize Director Henderson to oversee the form submission.

Mr. Hoffman reported on sewer line maintenance and stated that H2O met with the contractor regarding the priority 1 and 2 repairs on the phase 3 and 4 sanitary sewer lines. Mr. Hoffman reported that the repairs will begin after the first of the year at an estimated cost of \$78,000.

Mr. Hoffman reported that the FEMA application for reimbursement of Hurricane Ike expenses has been submitted.

Mr. Hoffman reported that the TCEQ has notified all districts that are receiving surface water that they will be required to notify the State whenever they perform a conversion to free chlorine to prevent samples being taken during that time.

Mr. Hoffman reviewed the Water Quality Complaint Log and stated that no water quality complaints were made during November.

Mr. Hoffman reviewed with the Board a request by The Enclave at Copperfield Apartments ("The Enclave") to waive a late fee for a water payment, a copy of which is attached to the Operations Report. Mr. Hoffman reported that The Enclave mailed the water payment to the wrong district. The Board reviewed The Enclave's payment history, a copy of which is attached to the Operations Report, and noted that The Enclave has been delinquent on several other occasions. It was the consensus of the Board that Mr. Hoffman notify The Enclave in writing that the District will not waive the late fees.

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 28, 2009 and the Investment Report, copies of which are attached hereto as Exhibit "D." 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 accept the Bookkeeper's Report, to authorize payment of check nos. 6137 through 6161 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. **Discuss FEMA reimbursement of Hurricane Ike expenses.** This item was discussed in the Operations Report.

6. **Engineer's Report.** Mr. Sarman reviewed with the Board the Engineer's Report, a copy of which is attached hereto as Exhibit "E." Mr. Sarman reported on the water plant painting and stated that contract documents are being submitted to the Board for signature. Mr. Sarman reported that once the documents are signed, AECOM will hold a preconstruction meeting with the contractor, operator and inspectors. Mr. Sarman stated that the contractor will begin preparing the surfaces for painting and submit the paint type for approval based on the specifications.

Mr. Sarman reported on the waterline loop and stated that AECOM is determining the feasibility of running a new waterline along the southern side of Mesa Gardens Drive.

Mr. Sarman reported that the generator funding was discussed during the Operations Report.

Mr. Sarman reported that AECOM is finalizing the addition of the sanitary sewer repair information to the GIS files. Mr. Sarman noted that AECOM will be submitting the updated files to H2O for review and comment.

Mr. Sarman reported that AECOM is working with H2O to determine the needs for the future control panel.

**7. Report on Copperfield Joint Operations Board ("CJOB") meeting.**

Director Henderson reported that the sludge conveyor belt failed, was pulled and is in the process of being repaired. Mr. Hoffman reported that CJOB is having trouble obtaining the rollers for the conveyor belt and that the repair is not yet complete. In response to a question from Director Day, Mr. Hoffman reported that the sludge is transported to a beneficial land farm and is used to grow hay.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, the meeting was adjourned.

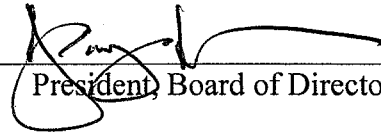
\*

\*

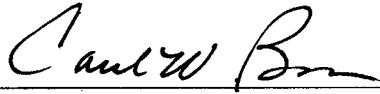
\*

The foregoing minutes were passed and approved by the Board of Directors on

January 20, 2009.

  
\_\_\_\_\_  
President, Board of Directors

ATTEST:

  
\_\_\_\_\_  
Secretary, Board of Directors

Secretary, Board of Directors

(DISTRICT SEAL)

