

MINUTES OF MEETING OF BOARD OF DIRECTORS  
February 16, 2010

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 February 16, 2010; 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 Mr. Chris Hoffman of H2O Consulting, Inc. ("H2O"), operator for the District; 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; 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 January 19, 2010, previously distributed to the Board. Director Bumpass requested that "Bumpass" be changed to "Day" in the second sentence of paragraph one under item 2. 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 January 19, 2010, as revised.

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 94.72% of the District's 2009 taxes have been collected. 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 approve the Tax Assessor and Collector's Report, and to authorize payment of check nos. 1102 through 1105 from the Tax Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

3. **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, 2010, the proposed budget for the fiscal year ending February 28, 2011, and the Investment Report, copies of which are attached hereto as Exhibit "C." 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 the Bookkeeper's Report, to authorize payment of check nos. 6470 through 6487 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.

4. **Adopt budget for the fiscal year ending February 28, 2011.** The Board discussed the proposed budget and the revisions to the audit fees, repair and maintenance expenses and chemical expenses. The Board discussed the tap connection fees associated with the West Harris County Regional Water Authority ("WHCRWA") assessments. 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 adopt the budget for the fiscal year ending February 28, 2011.

5. **Operations Report.** Mr. Hoffman presented to and reviewed with the Board the Operations Report, a copy of which is attached hereto as Exhibit "D." Mr. Hoffman reported that the District pumped 635,000 gallons of water and purchased 10,915,000 gallons of water from the West Harris County Regional Water Authority ("WHCRWA") during the last period and that the District has 214,851,000 gallons and 10 months remaining on its Harris-Galveston Coastal Subsidence District ("HGCSO") Permit. Mr. Hoffman reported that H2O accounted for 90.2% of the water pumped and purchased by the District in January, 2010.

Mr. Hoffman reported that Comcast Corporation paid \$4,422.05 in builder damages and CenterPoint Energy paid \$5,253.29 of its \$8,026.28 in outstanding builder damages (as previously approved by the Board).

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 the Tideflex check valve has been delivered to the water plant site and the contractor is scheduled to install the unit this week. Mr. Hoffman reported that the cost to date for the project is \$4,818.32.

Mr. Hoffman reported on water line maintenance and noted that H2O removed the water meter at Cherry Park and Highway 6 in preparation of the widening by Harris County at a final cost of \$3,327.37.

Mr. Hoffman reported on sewer line maintenance and stated that H2O cleaned the line under Highway 6 from the Exxon station to the Randall's Center at a final cost of \$1,210.

Mr. Hoffman reported that H2O is working with AECOM to complete the information for the Emergency Preparedness Plan ("EPP").

Mr. Hoffman reviewed with the Board a memo regarding options for on-line payment services, a copy of which is attached to the Operations Report. 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 Official Payments on-line payment options.

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 that AECOM is preparing the plans for the control panel and MCC design.

Mr. Sarman reported that AECOM has located and requested information on a 400 kw natural gas generator. Mr. Sarman noted that the generator requires rebuild work. Director Fojt stated that he was not in favor of purchasing a generator that needs rebuilding.

Mr. Sarman reported that Harris County Municipal Utility District No. 257 ("No. 257") has requested an additional 4.5 equivalent single family connections ("EFSC") of wastewater service for Long John Silver. Mr. Sarman noted that No. 257's request is attached to the Engineer's Report. In response to a question from Director Bumpass, Ms. Cogburn reported that the District has an agreement with No. 257 to provide wastewater service to No. 257's customers following payment of a capital cost fee and noted that the amount of the capital cost should be reassessed. Ms. Cogburn noted that ongoing operational costs are based on the District's rate order for charges for commercial customers. Extensive discussion ensued regarding the amount of the fee. 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 increasing the capital cost charge to \$9.00 per gallon. Mr. Hoffman reported that he would analyze the operational costs and wastewater fees for the District's commercial customers to determine if the rate order should be amended. Mr. Hoffman reported that he would email the analysis to Ms. Cogburn for review. The Board directed Mr. Sarman to notify No. 257 that capacity is available at a cost of \$9.00 per gallon, but the Board is reviewing operational costs.

7. **Adopt Order Calling Directors Election.** The Board discussed paying \$15 per hour to the election judges and \$100 to the judge for reserving the election location. 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 Calling Directors Election, a copy of which is attached hereto as Exhibit "F."

8. **Adopt Emergency Preparedness Plan and approve filing with TCEQ.** The Board reviewed the Emergency Preparedness Plan ("EPP"). Mr. Sarman reported that items that still need to be addressed include the MidAmerican phone number, the diesel fuel supplier for well #2, the priority water users and the designated water system spokesperson. 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 adopt the EPP (subject to changes) and approve filing with the TCEQ.

9. **Review cost estimates for the waterline quality loop.** The Board reviewed the R.L. Utilities, Inc. proposal, a copy of which is attached hereto as Exhibit "G." 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 the R.L. Utilities, Inc. proposal to install the water line.

10. **Review website updates.** No action was taken.

11. **Review issues relating to Copperfield Joint Operations Board ("CJOB") meeting.** Director Henderson reported that CJOB approved purchasing three generators for the sewer treatment plant and noted that the District's cost for the generators is approximately \$25,000.

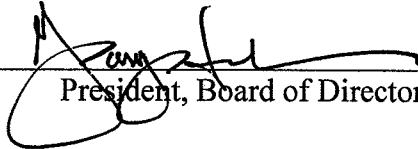
THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, the meeting was adjourned.

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The foregoing minutes were passed and approved by the Board of Directors on March 16, 2010.

  
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President, Board of Directors

ATTEST:

  
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Secretary, Board of Directors

(DISTRICT SEAL)