

MINUTES OF MEETING OF BOARD OF DIRECTORS
November 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 November 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 except Director Fojt. Also attending all or parts of the meeting were Mr. Chris Hoffman of H2O Consulting, Inc. ("H2O"), operators for the District; Ms. Michelle Guerrero of Bob Leared Interests ("BLI"), tax assessor and collector for the District; Mr. Tony Sarman of AECOM Technical Services, Inc. ("AECOM"), 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 October 19, 2010, 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 October 19, 2010, 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 99.29% of the District's 2009 taxes have been collected. 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 approve the Tax Assessor and Collector's Report, and to authorize payment of check nos. 1147 through 1154 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, 2011, and the Investment Report, copies of which are attached hereto as Exhibit "C." 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. 6696 through 6727 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. **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 607,000 gallons of water and purchased 19,315,000 gallons of water from the West Harris County Regional Water Authority ("WHCRWA") during the last period. Mr. Hoffman reported that H2O accounted for 85.5% of the water pumped and purchased by the District in October 2010. Mr. Hoffman reported that the meter calibration was performed at the apartment complex and noted that the meter would be replaced. Mr. Hoffman reported that the well water is only used to maintain the wells and that the WHCRWA has completed all of its modifications.

Mr. Hoffman reported that the old diesel engine at the offsite well has been removed and DLD Services is in the process of preparing the pad for the used well engine at a final cost of \$10,189.

Mr. Hoffman reported that H2O repaired the overflow channels for the ground storage tanks at a final cost of \$1,615.20.

Mr. Hoffman reported that the water plant was winterized by wrapping valves and controls at a final cost of \$2,288.56.

Mr. Hoffman reported that H2O repaired the pump room doors at a final cost of \$1,884.52.

Mr. Hoffman reported on lift station maintenance and noted that the semi-annual lift station cleaning is complete at a final cost of \$1,380.45.

Mr. Hoffman reported on water line maintenance and stated that H2O located a damaged stack valve at the intersection of Glenchase and Clear Valley. Mr. Hoffman reported that the valve stack was excavated and replaced at a final cost of \$1,013.47.

Mr. Hoffman reported that the meter calibrations approved last month are underway at an estimated cost of \$5,000.

Mr. Hoffman reported on sewer line maintenance and stated that the Southdown HOA provided H2O a list of manholes and sidewalks to investigate, a copy of which is attached to the Operations Report. Mr. Hoffman recommended water testing the seals on four manholes located in Southcreek.

Mr. Hoffman reported that the six manhole locations on Lakeview Haven Drive which need to be water tested are attached to the Operations Report. Mr. Hoffman reported that the estimated cost to water test each manhole is \$500. Upon motion by Director Bumpass,

seconded by Director Barnes, after full discussion and the question being put to the Board, the Board voted unanimously to approve water testing the six manholes at an estimated total cost of \$3,000.

Mr. Hoffman reported that H2O is trying to coordinate the sidewalk repairs in the District with the Copperfield Joint Operations Board ("CJOB") trunkline repairs.

Mr. Hoffman reported that the bacteriological test collected at the routine monthly sample location at 7214 Bristol Ridge came back positive and noted that the sample test was repeated with a negative result. Mr. Hoffman reported that samples were taken upstream and downstream of the sample source water and at both wells. The Board requested that Mr. Hoffman look at setting the sample source at the main line.

Mr. Hoffman reported that the five year forecast is attached to the Operations Report for the Board to review in preparation of the budget. Mr. Hoffman reported that CJOB is expecting to increase its per connection fees by \$0.50.

The Board discussed the WHCRWA Optional Capital Advance and Reimbursement Procedure, a copy of which is attached hereto as Exhibit "E." No action was taken.

Mr. Hoffman reviewed the water quality complaint log, a copy of which is attached to the Operations Report. Mr. Hoffman reported that H2O has received no calls regarding water quality in the District since September 2010.

Mr. Hoffman reviewed with the Board a letter from Stephen Espey requesting relief on his water bill for a water leak. It was the consensus of the Board that Mr. Hoffman notify Mr. Espey that based on District policy, the water usage from the leak was not excessive and Mr. Espey did not qualify for an adjustment on his bill.

5. **Engineer's Report.** Mr. Sarman reviewed with the Board the Engineer's Report, a copy of which is attached hereto as Exhibit "F." Mr. Sarman reported on the Control Panel and MCC design and noted that construction contracts are being finalized by the contractor and once complete, they will be routed to the Board for signature. Mr. Sarman noted that the contract is a 265-day contract and that the District will buy water from Harris County Municipal Utility District Nos. 162 or 208 when the project commences.

Mr. Sarman reviewed the updated natural gas generators listed in the Engineer's Report.

Mr. Sarman reported that CJOB will be videoing some additional shared sewer lines following the discovery of a missing section of clay line on Longenbough. Mr. Sarman reported that AECOM will review the remaining shared sewer lines and look into bidding the projects at the same time in order to obtain cost savings.

Mr. Sarman reported that AECOM is waiting on the review of the CJOB shared sewer lines in order to bid the two projects at the same time to obtain savings.

6. **Discuss generators for lift station and water plant.** This item was discussed in the Engineer's Report.

7. **Review issues relating to CJOB meeting.** Director Henderson reported that CJOB approved televising the clay line on Longenbough which is shared by Harris County Municipal Utility District Nos. 163 and 208. Director Henderson reported that CJOB discussions also included the five year forecast and the approval of the Spill Prevention Control and Countermeasures Plan.

8. **Consider WHCRWA Optional Capital Advance and Reimbursement Procedure.** This item was discussed under the Operations Report.

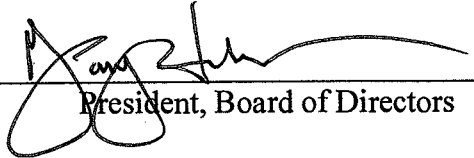
THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, the meeting was adjourned.

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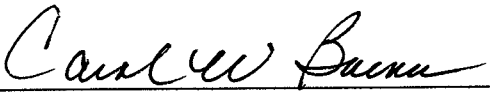
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The foregoing minutes were passed and approved by the Board of Directors on December 14, 2010.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

