

MINUTES OF MEETING OF BOARD OF DIRECTORS
April 19, 2011

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 April 19, 2011; 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"), operators for the District; Ms. Michelle Guerrero of Bob Leared Interests ("BLI"), tax assessor and collector for the District; Ms. Lori Hogue of Myrtle Cruz, Inc. ("MCI"), bookkeeper for the District; Mr. Tony Sarman of AECOM Technical Services, Inc. ("AECOM"), engineers 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. **Public Comments.** There were no public comments.
2. **Minutes.** Consideration was given to the approval of the minutes of the meeting of March 15, 2011, previously distributed to the Board. Upon motion by Director Barnes, seconded by Director Bumpass, after full discussion and the question being put to the Board, the Board voted unanimously, with Directors Day and Fojt abstaining, to approve the minutes of the meeting of March 15, 2011, as presented.
3. **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 96.63% of the District's 2010 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. 1171 through 1177 from the Tax Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

4. **Bookkeeper's and Investment Report.** The Board reviewed the Bookkeeper's Report, the budget for the fiscal year ending February 28, 2011, the cash flow comparison, and the Investment Report, copies of which are attached hereto as Exhibit "C." In response to a question from Director Bumpass, Ms. Hogue reported that payroll taxes are paid quarterly.

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 accept the Bookkeeper's Report, to authorize payment of check nos. 6817 through 6834 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. **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 5,652,000 gallons of water and purchased 10,853,000 gallons of water from the West Harris County Regional Water Authority ("WHCRWA") during the last period. Mr. Hoffman reported that H₂O accounted for 87.2% of the water pumped and purchased by the District in March 2011.

Mr. Hoffman reported on water plant maintenance and stated that the report on the production of booster pump #3 and booster pump #4 is attached to the Operations Report. Mr. Hoffman recommended pulling booster pump #3 for evaluation. Mr. Hoffman reported that the check valve on booster pump #4 failed and that a new check valve has been ordered at an estimated cost of \$2,750.

Mr. Hoffman reported on the water line maintenance and stated that the Copperfield meter vault is scheduled to be installed this week at an estimated cost of \$11,000.

Mr. Hoffman reported that the Copperfield Joint Operations Board ("CJOB") sewer line repairs on River Garden are complete and should be invoiced to CJOB next month at an estimated cost to the District of \$21,000.

Mr. Hoffman reported that repeat samples tests have shown that low levels of perc are still being discharged at Rainbow Cleaners, a copy of which is attached to the Operations Report. Mr. Hoffman speculated that housekeeping issues are related to the perc being discharged into the waste water system and that H₂O will request the Texas Commission on Environmental Quality's involvement with the site inspection.

Mr. Hoffman reviewed with the Board the Water Quality Complaint Log, a copy of which is attached to the Operations Report.

Upon motion by Directors Fojt, seconded by Director Day, after full discussion and the question being put to the Board, the Board voted unanimously to approve pulling booster pump #3 for evaluation.

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 Control Panel and MCC Design and stated that AECOM contacted the contractor to stop work on the

control panel until after the hurricane season. Mr. Sarman stated that the contractor noted that the equipment cost could increase slightly as a result of the delay.

Mr. Sarman reported that the list of used natural gas generators has been updated and copies of the generator specifications are attached to the Engineer's Report.

Mr. Sarman reported that AECOM is finalizing the plans for the sanitary sewer repairs. Mr. Sarman reported that AECOM anticipates submitting the plans to H2O by the end of the month for review and comment. Mr. Sarman stated that bidding the CJOB project and District project too close together could limit the number of bids received if the contractor has a limited crew or not enough bonding to insure both jobs and suggested that the District stagger its repairs one month behind the CJOB repairs to take advantage of equipment staging costs. Mr. Sarman reported that AECOM has finalized the plans and specifications for the CJOB sanitary sewer repairs and has received comments from Brown & Gay Engineering, Inc. and Severn Trent Services. Mr. Sarman reported that the pre-bid meeting will be held on April 27, 2011 and bids will be opened on May 5, 2011. Mr. Sarman stated that it would take approximately two months to perform the District's repairs. Discussion ensued. 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 authorize AECOM to advertize the bids for the sanitary sewer line repairs one month behind the CJOB repairs.

Mr. Sarman reported that AECOM has prepared the GIS transfer proposal, a copy of which is attached to the Operations Report. Mr. Sarman estimated that the total cost of the effort is estimated to be between \$12,700 and \$15,200, depending on the options chosen. Mr. Sarman reported that Harris County Municipal Utility District No. 208 ("No. 208") is interested in continuing with the GIS updates with the District and is willing to split the cost with the District. Mr. Sarman reported that approximately \$1,000 of the effort would be billed to Copperfield Joint Operations Board ("CJOB") for including a PDF file of the waste water treatment plant plans in the GIS files. Mr. Hoffman reported that No. 208 would like H2O to manage the GIS updates and AECOM to monitor the updates. Mr. Hoffman reported that No. 208 is interested in implementing option 1 to synchronize the master geodatabase at H2O with versions distributed to the engineers so that H2O can be trained to make the modifications to the GIS. Mr. Sarman reported that the cost of the software for option 1 is \$7,000. Mr. Sarman reported that the total cost of the proposal, including option 1 and the software, is \$18,700 and the District's portion of the cost is \$9,250. Discussion ensued. 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 all GIS proposal items at an estimated cost to the District of \$9,250.

7. **Discuss generators for lift station and water plant.** Mr. Hoffman reported that he would obtain proposals for rental generators for the Board to review in May.

8. **Review issues relating to CJOB meeting.** Director Henderson reported that the March biomonitoring test conducted at the sewer plant indicated lethality for the ceriodaphnia (water fleas). Mr. Hoffman reported that lethality in ceriodaphnia levels is generally caused by either metals, pesticides, chlorine or ammonia. Mr. Hoffman reported that CJOB is required to retest in both April and May, and if either the April or May test fails, the

sewer plant would be required to perform a Toxicity Reduction Evaluation ("TRE"). Director Henderson reported that CJOB authorized H2O to clean the chlorine contact chamber, to perform split samples for the April and May biomonitoring tests, to contact Mr. Pasch of Alan Plummer Associates, Inc. to help investigate the lethality causes, to test for metals and pesticides, to contact the lab to determine if other failures occurred on March 10, 2011, to test the "standards", and to perform chloramines tests. Mr. Hoffman reported that Mr. Pasch also suggested that CJOB perform 100% testing over the next few days.

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 May 17, 2011.

Mark Day VP

President, Board of Directors

ATTEST:

Curt W. B...

Secretary, Board of Directors

(DISTRICT SEAL)

