

MINUTES OF MEETING OF BOARD OF DIRECTORS  
July 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 July 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 except Director Fojt and Director Bumpass. 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 Buckner of Myrtle Cruz, Inc. ("MCI"), bookkeeper for the District; Mr. Tony Sarman of AECOM Technical Services, Inc. ("AECOM"), engineers for the District; Ms. Jana Cogburn and Ms. Courtney McDonald 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 June 21, 2011, 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 June 21, 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 98% of the District's 2010 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. 1195 through 1204 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.** Ms. Buckner reviewed with the Board the Bookkeeper's Report, the budget for the fiscal year ending February 28, 2012, the cash flow comparison, 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. 6884 through 6911 (except for check 6907) 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 12,863,000 gallons of water and purchased 15,305,000 gallons of water from the West Harris County Regional Water Authority ("WHCRWA") during the last period. Mr. Hoffman reported that H2O accounted for 88.7% of the water pumped and purchased by the District for the month ending June 20, 2011.

Mr. Hoffman reported on water plant maintenance and stated that the repair of booster pump no. 4 is complete at an estimated cost of \$4,000.

Mr. Hoffman reported that H2O purchased and installed a new surface water chlorine pump at a final cost of \$1,712.69.

Mr. Hoffman reported that H2O completed the annual maintenance on the generator and well engine at a final cost of \$1,619.31.

Mr. Hoffman reported that H2O purchased diesel fuel for the well engine at a final cost of \$1,480.10.

Mr. Hoffman reported that the sidewalk repairs along Club Lake Drive will be evaluated once the cured-in-place liner is installed in the sewer line. The cost estimate will be provided at next month's Copperfield Joint Operations Board meeting.

Mr. Hoffman reported that the sanitary sewer manhole along Highway 6, which was found buried beneath the concrete in Carrabba's parking lot, was raised and the concrete is scheduled to be replaced in the next week at an estimated cost of \$6,000.

Mr. Hoffman reported that the sewer line under Highway 6 at 529 was cleaned at a final cost of \$975.77.

Mr. Hoffman reported on administrative issues and stated that he received a letter from the Texas Commission on Environmental Quality ("TCEQ") regarding drought conditions, a copy of which is attached to the Operations Report. Ms. Cogburn suggested that the Board consider implementing voluntary conservation measures even though the triggers under the District's Drought Contingency Plan have not been triggered. She also suggested contacting the WHCRWA to determine if they have any recommendations on coordinating the District's efforts and the WHCRWA efforts to conserve water during the drought. Mr. Hoffman suggested that five (5) signs, at an estimated cost of \$100 per sign, be placed in the District requesting the

residents to voluntarily conserve water and putting a message on the District's website regarding voluntary water conservation. 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 H2O to order five (5) signs to be put up in the District asking residents to practice voluntary water conservation at an estimated cost of \$500.00 and to include a notice on the District's website asking residents to voluntarily conserve water and to authorize F&J to send a letter to the WHCRWA.

The Board discussed a possible increase in water rates due to the increasing fees from the WHCRWA. It was the consensus of the Board to further discuss such matter when the Board adopts its tax rate.

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 stated that the Control Panel and MCC Design project is on hold until after the summer.

Mr. Sarman reported that the list of used natural gas generators has been updated.

Mr. Sarman reported that AECOM is coordinating with H2O to comment and discuss the draft pdf files of the waste water treatment plant, water treatment plants, and lift stations for inclusion in the GIS files. Mr. Hoffman reported that H2O has the new software and that there was confirmation from Bruce Davidson regarding the installation and operation of the software. AECOM is planning to meet with H2O again in a few weeks to transfer the files and provide training for Joshua Board to manage the GIS updates for H2O.

Mr. Sarman reported that the pre-video and cleaning/root removal pertaining to the CJOB sanitary sewer repairs has been completed. He also reported that the liners have arrived and are in the process of being installed.

Mr. Sarman reported that the pre-bid meeting for the sanitary sewer repairs was held on July 13, 2011. Six companies attended the pre-bid meeting, and the bidders are being given the opportunity to view the sanitary sewer videos on July 20. Mr. Sarman reported that the bid opening is scheduled for July 27, 2011.

7. **Consider Interlocal Agreement with HGSD to sponsor "Learning to be Water Wise" project.** The Board discussed the sponsorship of the "Learning to be Water Wise" project. Discussion ensued regarding the cost of the program, and if it was implemented by the participating schools for the last school year. Ms. Cogburn stated that Ms. McDonald would call the Subsidence District to obtain information regarding the District's participation for the previous year. The Board agreed to defer approval of the Interlocal Agreement with HGSD to sponsor the "Learning to be Water Wise" project to next month so that the additional information can be obtained.

8. **Approve Resolution Authorizing Filing of Annual Report of Financial Information and Operating Data.** This item was deferred.

9. **Other Matters.** Director Henderson stated that he attended a meeting of the Copperfield Coalition and reviewed the topics discussed at such meeting, including flooding in the Copperfield area.

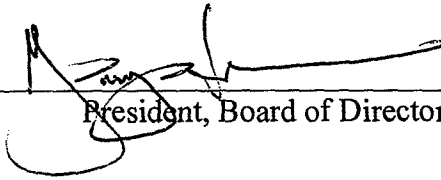
THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, the meeting was adjourned.

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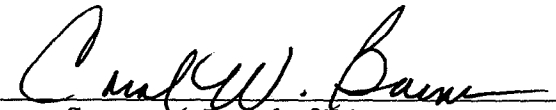
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The foregoing minutes were passed and approved by the Board of Directors on August 16, 2011.

  
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President, Board of Directors

ATTEST:

  
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Secretary, Board of Directors

(DISTRICT SEAL)

