

MINUTES OF MEETING OF BOARD OF DIRECTORS
May 17, 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 May 17, 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 Henderson. 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. Christina Cole of Myrtle Cruz, Inc. ("MCI"), bookkeeper for the District; Mr. Tony Sarman of AECOM Technical Services, Inc. ("AECOM"), engineers for the District; 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 April 19, 2011, previously distributed to the Board. Upon motion by Director Fojt, 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 April 19, 2011, as presented.
3. **Approve audit for the fiscal year ending February 28, 2011.** This item was deferred.
4. **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 97.4% of the District's 2010 taxes have been collected. 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 the Tax Assessor and Collector's Report, and to authorize payment of check nos. 1178 through 1186 from the Tax Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

5. **Bookkeeper's and Investment Report.** Ms. Cole reviewed with the Board 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." Director Bumpass questioned whether the bookkeeper should issue check no. 6850 to the auditor in advance of receiving the audit. The Board agreed to authorize the bookkeeper to mail the check to the auditor following confirmation that the audit would be received by the Board prior to the June meeting. Ms. Green reported that following confirmation, she would send an email to the Board and the bookkeeper that the audit would be mailed out prior to the June meeting.

Upon motion by Director Fojt, 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. 6836 through 6859 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.

6. **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 7,809,000 gallons of water and purchased 12,222,000 gallons of water from the West Harris County Regional Water Authority ("WHCRWA") during the last period. Mr. Hoffman reported that H2O accounted for 90.8% of the water pumped and purchased by the District in April 2011.

Mr. Hoffman reported on water plant maintenance and stated that the estimate from NTS for the repair of booster pump #4 is attached to the Operations Report. Mr. Hoffman recommended repairing booster pump #4 and replacing the mechanical seals, bearings, gaskets, o-rings, lip seals and cooling lines, and assembling and pressure testing the pump at a total cost of \$3,625.

Mr. Hoffman reported that the check valve on booster pump #3 has been installed at a final cost of \$2,457.37.

Mr. Hoffman reported that H2O responded to low pressure call outs and found problems with the water plant controls. Mr. Hoffman reported that H2O replaced the regulating device and reset the control points at a final cost of \$1,612.05.

Mr. Hoffman reviewed with the Board generator rental quotes from Sunbelt Rentals, Stewart & Stevenson, and Worldwide Power, copies of which are attached to the Operations Report. Mr. Hoffman reported that all three generator rental companies would deliver the generator to the plant site. Mr. Hoffman reviewed the monthly rental costs, the additional monthly charges, and additional fees for each company. Extensive discussion ensued regarding the estimated time that the District might experience electricity outages and use the generator and the variations between rental fees. Director Barnes recommended using Sunbelt Rentals because the District has a two-year business relationship with the company and hasn't experienced any problems with their services. Director Fojt noted that Sunbelt Rentals fees are in line with the District's estimated generator usage.

Mr. Hoffman reported on the water line maintenance and stated that the Copperfield meter vault installation is complete at a final cost of \$11,872.

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 approximately \$21,000.

Mr. Hoffman reported that H2O has scheduled inspections with the Texas Commission on Environmental Quality to inspect the Rainbow Cleaners this week.

Mr. Hoffman reported that the Consumer Confidence Report is attached to the Operations Report for the Board's review and approval to mail to customers by July 1, 2011. Mr. Hoffman reported that he has emailed the State regarding the levels for the inorganic gross beta emitters. Mr. Hoffman reported that a column for violations has been added to the report.

Mr. Hoffman reviewed with the Board the Annual Identity Theft Prevention Program, a copy of which is attached to the Operations Report. Mr. Hoffman recommended no changes to the program.

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 Barnes, seconded by Director Fojt, after full discussion and the question being put to the Board, the Board voted unanimously to approve repairing booster pump #4 and replacing the pump's mechanical seals, bearings, gaskets, o-rings, lip seals and cooling lines, and assembling and pressure testing the pump at a total cost of \$3,625, to approve renting a 320 kw generator with a 500-gallon fuel tank from Sunbelt Rentals at a monthly rental cost of \$3,600, to approve the generator delivery and pickup fees at a cost of \$100, and to approve additional monthly generator charges at a cost of \$704.

7. **Approve Consumer Confidence Report.** 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 Consumer Confidence Report, pending final changes by Mr. Hoffman.

8. **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 the project is on hold until after the summer.

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 line repairs and anticipates bidding the project toward the end of this month. Mr. Sarman stated that AECOM received bids for the CJOB sanitary sewer line repairs on May 5, 2011 and the information will be presented to the Harris County Municipal Utility District No. 208 Board for final approval. Mr. Sarman stated that AECOM is recommending cured-in-place repairs due to the affect on businesses in the area. Mr. Sarman reported that the merchants affected are located

between the lift station and Burger King. Mr. Sarman stated that five contractors bid on the project and the low bidder was Reynolds Inliner.

Mr. Sarman reported that AECOM is preparing to transfer the files for the GIS updates to H2O.

9. **Accept bids for sanitary sewer line repairs.** This item was deferred.

10. **Discuss generators for lift station and water plant.** This item was discussed under the Operations Report.

11. **Review issues relating to CJOB meeting.** Mr. Hoffman reported that CJOB discussed the bid tabs for the sanitary sewer line repairs. Mr. Hoffman reported that the April biomonitoring test conducted at the sewer plant passed for the ceriodaphnia (water fleas). Mr. Hoffman reported that CJOB is retesting the May split sample and if the May biomonitoring test passes, CJOB will resume normal sampling and biomonitoring.

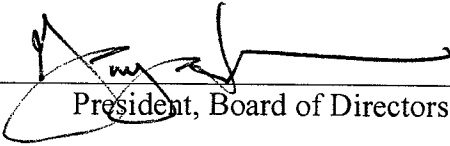
THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, the meeting was adjourned.

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The foregoing minutes were passed and approved by the Board of Directors on June 21, 2011.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

