

MINUTES OF MEETING OF BOARD OF DIRECTORS  
June 21, 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 June 21, 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. Robin Goins 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; Mr. Brian Toldan of McCall Gibson Swedlund Barfoot PLLC, auditors 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 May 17, 2011, previously distributed to the Board. Upon motion by Director Fojt, seconded by Director Bumpass, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the meeting of May 17, 2011, as presented.
3. **Approve audit for the fiscal year ending February 28, 2011.** Mr. Toldan reviewed with the Board the draft audit for the fiscal year ending February 28, 2011 and the management representation letter, copies of which are attached hereto as Exhibit "B." 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 audit for the fiscal year ending February 28, 2011, and to authorize its filing.
4. **Tax Assessor and Collector's Report.** Ms. Goins presented to and reviewed with the Board the Tax Assessor and Collector's Report, a copy of which is attached hereto as Exhibit "C." Ms. Guerrero reported that 97.71% 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. 1187 through 1194 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. Buckner 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."

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 accept the Bookkeeper's Report, to authorize payment of check nos. 6861 through 6883 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 "E." Mr. Hoffman reported that the District pumped 6,107,000 gallons of water and purchased 19,411,000 gallons of water from the West Harris County Regional Water Authority ("WHCRWA") during the last period. Mr. Hoffman reported that H2O accounted for 90.2% of the water pumped and purchased by the District in May 2011.

Mr. Hoffman reported on water plant maintenance and stated that the repair of booster pump #4 is proceeding at an estimated cost of \$4,000.

Mr. Hoffman reported that H2O repaired the chlorine line on the well fee line at a final cost of \$1,668.19.

Mr. Hoffman reported on sewer line maintenance and noted that the sidewalk repairs on River Garden are complete at a final cost to the District of \$8,337.15 for the District's lines and \$13,683.40 for the District's cost for the shared line repairs. Mr. Hoffman reported that H2O replaced the sidewalk at 7450 Rivergarden following the determination that the incoming lines were leaking. Mr. Hoffman reported that H2O used chemical grout to seal the lines and manholes.

Mr. Hoffman reported that a manhole along Highway 6 is buried beneath the concrete in Carrabba's parking lot and that access to the manhole is needed for the sewer line repairs along Highway 6. Mr. Hoffman reported that the concrete will need to be cut and removed, the manhole raised, and the concrete re-poured at an estimated cost of \$6,000.

Mr. Hoffman reported on administrative issues and stated that Rainbow Cleaners has completed their housekeeping and that the repeat sample passed, a copy of which is attached to the Operations Report.

Mr. Hoffman reported that the final Consumer Confidence Report is attached to the Operations Report for the Board's review and submittal to the website for posting. Mr. Hoffman reported that the limits mistakes have been corrected on the TCEQ website.

Mr. Hoffman reviewed with the Board an email from a resident regarding the water flushing in the District and possible solutions for re-using flushed water. The Board discussed the issue. Mr. Hoffman reported that Mr. Webb explained the TCEQ flushing requirements to the resident.

Mr. Hoffman reviewed with the Board a customer request for to waive a reconnection fee of \$90 for water that was disconnected due to bank errors. The Board directed Mr. Hoffman to notify the resident in writing that her request was denied by the Board.

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

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 cutting, removing and raising the manhole in the Carraba's parking lot, and re-pouring the cement in the lot at an estimated cost of \$6,000.

**7. 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 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 coordinating with H2O to comment and discuss the draft pdf files of the waste water treatment plant, water treatment plants, and lift stations. Mr. Hoffman reported that once H2O has the new software, AECOM will schedule a time to transfer the files and provide training for Joshua Board to manage the GIS updates at H2O.

Mr. Sarman reported that AECOM submitted the plans and specifications for the sanitary sewer repairs to H2O for review and comment. Mr. Sarman reported that AECOM will begin bidding the project once comments are addressed.

Mr. Sarman reported that the CJOB sanitary sewer repairs have been approved and signed and that the preconstruction meeting was held June 17, 2011. Mr. Sarman reported that the percent ownership of the shared sanitary sewer lines is attached to the Engineering Report. Mr. Sarman reported that the engineering fees for the District are 7.05% and are based only on the percent ownership of the lines. Mr. Sarman reported that the construction fees are based on percentage ownership and the cost of each individual repair. Mr. Sarman reported that final construction costs will vary depending on the actual work completed. Mr. Sarman stated that two sets of construction fee percentages, including and excluding point repairs, are listed in the Engineer Report.

**8. Accept bids and award contract for sanitary sewer line repairs.** This item was deferred until July.

9. **Discuss generators for lift station and water plant.** Director Fojt suggested that the Board consider purchasing either a new 325 kw or 350 kw natural gas generator, including a new sound enclosure and that this item be included on the October agenda. Director Fojt requested that Mr. Sarman determine the lead time for the obtaining a new natural gas generator so that the generator can be used during the 2012 hurricane season.

10. **Review issues relating to CJOB meeting.** Director Henderson reported that CJOB passed the biomonitoring test and split sample test conducted at the sewer plant in May and will resume normal quarterly sampling and biomonitoring testing.

11. **Approve Resolution Authorizing Personnel Costs for Public Information Requests.** Upon motion by Director Bumpass, seconded by Director Day, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Resolution Authorizing Personnel Costs for Public Information Requests, a copy of which is attached hereto as Exhibit "G."

12. **Discuss insurance renewal (renews September 28, 2011).** The Board requested that Ms. Green obtain a renewal quote from the insurance provider, Highpoint Insurance Group, LLC.

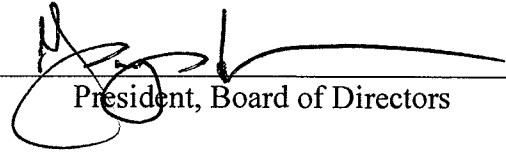
THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, the meeting was adjourned.

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The foregoing minutes were passed and approved by the Board of Directors on July 19, 2011.

  
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President, Board of Directors

ATTEST:

  
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Secretary, Board of Directors

(DISTRICT SEAL)

