

ORDER SETTING TAX RATE AND  
LEVYING TAX FOR 2007

WHEREAS, the Appraisal Review Board of the Harris County Appraisal District (the "HCAD") has finally approved the appraisal records of Harris County Municipal Utility District No. 186 (the "*District*") and the chief appraiser of the HCAD has prepared and certified to the District's tax assessor and collector the District's tax roll for 2007;

WHEREAS, the Board of Directors (the "*Board*") of the District is required to levy and cause to be assessed and collected ad valorem taxes upon all taxable property within the District in sufficient amount to pay the interest on bonds issued by the District payable in whole or in part from taxes, to create a sinking fund for the payment of the principal of the bonds when due or the redemption price at any earlier required redemption date, to pay when due the other contractual obligations of the District payable in whole or in part from taxes, and to pay the expenses of assessing and collecting the taxes, full allowance being made for expected delinquencies;

WHEREAS, the Board is authorized to levy and collect a tax for operation and maintenance purposes; and

WHEREAS, all actions required to be taken prior to levying such tax have been taken;

IT IS, THEREFORE, ORDERED BY THE BOARD OF DIRECTORS OF HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 186 THAT:

I.

The Board hereby levies and causes to be assessed upon all taxable property within the District an ad valorem tax for the year 2007 at the rate of \$0.42 per \$100 assessed valuation to pay the debt service requirements on District bonds (TAX LEVY FOR BONDS); and at the rate of \$0.05 per \$100 assessed valuation for operation and maintenance purposes (MAINTENANCE TAX). TOTAL TAX RATE = \$0.47 per \$100 assessed valuation. Such total tax rate shall consist of:

\$0.42 per \$100 assessed valuation, which shall, pursuant to the Texas Property Tax Code, comprise the District's Debt Tax and shall be the rate that will impose the amount of taxes needed to pay the District's debt service; and

\$0.05 per \$100 assessed valuation, which shall, pursuant to the Texas Property Tax Code, comprise the District's Operation and Maintenance Tax and shall be the rate that will impose the amount of taxes needed to fund maintenance and operation expenditures of the District for the next year.

II.

Taxes shall be due and payable on receipt of the tax bill and shall be paid on or before January 31, 2007 or as otherwise provided by section 31.02 of the Texas Property Tax Code.

III.

The Tax Assessor and Collector for the District is hereby authorized and instructed to proceed to collect the aforesaid tax upon the basis of this Order.

IV.

Pursuant to Section 49.455 of the Texas Water Code, the District has filed an Amended Information Form indicating the most recent rate of District taxes on property located in the District. If such rate is changed by this Order, the District shall file within seven days an amendment to such Information Form indicating that the most recent rate of District taxes on property located in the District is \$0.47 per \$100 assessed valuation.

V.

The President or the Vice President and Secretary or Assistant Secretary are authorized on behalf of the Board to evidence adoption of this Order and to do any and all things appropriate or necessary to give effect to the intent hereof.

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