

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 18

October 13, 2008

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 18 of Harris County, Texas (the "District"), met in regular session, open to the public, on the 13th day of October, 2008, at the offices of Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas, outside the boundaries of the District, and the roll was called of the members of the Board:

Arved White	President
Roy A. Beversdorf	Vice President
Michael L. Murr	Secretary
Robert A. Bernardini	Assistant Vice President
Vacant	Assistant Secretary

and all of the above were present, thus constituting a quorum.

Also present at the meeting were Louise Williams and Robin Humphreys of Wheeler & Associates, Inc.; Gus Gustafson of SWWC Services, Inc. ("SWWC"); Mark Adam of AEI Engineering, Inc.; Wendy Austin of District Data Services, Inc.; Donna Kerr of Kimmons Security Services, Inc. ("Kimmons"); and David Oliver and Janet Swartz of Allen Boone Humphries Robinson LLP ("ABHR").

COMMENTS FROM THE PUBLIC

There were no comments from the public.

MINUTES

The Board considered approving the minutes of the September 4, 2008, meeting. After review and discussion, Director Beversdorf moved to approve the minutes of the September 4, 2008, meeting. Director Murr seconded the motion, which passed unanimously.

BOOKKEEPER'S REPORT

The Board received the bookkeeper's report and considered paying the bills. Ms. Austin reviewed the written report, budget comparison, and schedule of investments, copies of which are attached. After review and discussion, Director Beversdorf moved to approve the bookkeeper's report, the investment report and payment of the bills. Director Murr seconded the motion, which passed unanimously.

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Williams reviewed with the Board the tax assessor/collector's report, a copy of which is attached. She reported that 99.15% of the 2007 taxes have been collected to date. After review and discussion, Director Beversdorf moved to approve the tax assessor/collector's report and the tax bills presented for payment. Director Bernardini seconded the motion, which carried unanimously.

CONDUCT PUBLIC HEARING REGARDING DISTRICT'S TAX RATE

Ms. Williams stated that Wheeler & Associates, Inc. published a Notice of Public Hearing in the Houston Chronicle stating the District anticipates levying a \$0.324 tax rate at this meeting.

Director White then opened the public hearing. No members of the public came forward to make comments. Director White then closed the public hearing.

ADOPT ORDER LEVYING TAXES AND APPROVE AMENDMENT TO INFORMATION FORM

Mr. Oliver presented to the Board an Order Levying Taxes with a total \$0.324 tax rate comprised of \$0.074 for debt service and \$0.25 for operations and maintenance. He then presented an Amendment to Information Form reflecting the newly adopted 2008 tax rate. Following review and discussion, Director Beversdorf moved to adopt the Order Levying Taxes as presented, approve the Amendment to the Information Form, and direct that the Order and Amendment be filed appropriately and retained in the District's official records. Director Murr seconded the motion, which passed unanimously. The Board confirmed its intention that the 2008 tax levy includes a debt service component for the calendar year ending December 31, 2009, and a maintenance tax component for the fiscal year ending December 31, 2009.

ENGINEER'S REPORT

Mr. Adam reviewed the engineer's report, a copy of which is attached. He updated the Board on the design of chloramine disinfection conversion at the water plants. Director Beversdorf discussed plans for the District to provide information to residents regarding chloramine conversion. Mr. Adam stated that the North Harris County Regional Water Authority (the "NHCRWA") will provide information to the District to distribute to residents. Director Beversdorf recommended that information be posted on the District's website.

Mr. Adam stated that he submitted to the NHCRWA the District's preferred method for the NHCRWA water supply connection to the Malcomson Road water plant.

Mr. Oliver stated that he will contact Mr. Collins on documentation that needs to be provided to the District on the project in compliance with the Agreement for Financing of Facilities for the Hidden Falls development. After review and discussion, Director Beversdorf moved to approve the engineer's report. Director Murr seconded the motion, which passed by unanimous vote.

DISCUSS HURRICANE IKE, STATUS OF DISTRICT FACILITIES, EMERGENCY PREPAREDNESS, AND AUTHORIZE APPROPRIATE ACTION

Director White recommended that the consultants investigate the possibility of converting the generator to natural gas. Mr. Gustafson stated that the generator would have to be replaced with a dual fuel generator. Mr. Adam stated that upgrades to the system can be made including the installation of transfer switches. He discussed adoption of an emergency preparedness plan. Mr. Gustafson stated that SWWC will prepare an emergency preparedness plan for the District that can be used at both water plant sites. Mr. Gustafson stated that he and Mr. Adam will review the backup capabilities of the NHCRWA in connection with an emergency preparedness plan. Mr. Gustafson stated that he will have permanent signs made regarding a boil water notice and store them at the District's facilities.

Mr. Oliver stated that forms were executed by Director White for submittal to the Federal Emergency Management Agency ("FEMA") to apply for reimbursement for costs incurred by the District due to the hurricane for debris removal and emergency response measures.

OPERATOR'S REPORT

Mr. Gustafson reviewed the operator's report with the Board, a copy of which is attached. He reviewed a list of existing deposits on commercial accounts required by the District's Rate Order, a copy of which is attached.

Mr. Gustafson stated that the Board received notice from the NHCRWA stating that there will be an increase in the pumpage fee charged to the District. Mr. Gustafson stated that he will prepare a notice on the pumpage fee to add to the water bill for the Board's approval.

Mr. Gustafson stated that Director White approved repair of a well motor at water plant no. 2 during the past month at a cost of \$11,380.00. Mr. Gustafson stated that there may have been a change in the insurance rating in the area in which the District is located due to the Cy-Fair Volunteer Fire Department. Director Beversdorf stated that he will inquire about a rating change and report to the Board at the next meeting.

After review and discussion, Director Beversdorf moved to approve the operator's report. Director Bernardini seconded the motion, which passed unanimously.

HEARING ON TERMINATION OF WATER AND SEWER SERVICE

The Board reviewed the termination notices for delinquent customers. Mr. Gustafson stated that the customers on the attached termination list were mailed written notice prior to this meeting notifying them of the opportunity to appear before the Board of Directors to explain, contest, or correct the utility service bill and to show reason why utility service should not be terminated because of nonpayment, all as required by the District's Rate Order. After review and discussion, and there being no one present to protest termination, Director Beversdorf moved to terminate service to the customers because no customers were either present at the meeting or had presented any written statement on the matter. Director Bernardini seconded the motion, which passed unanimously.

CONTRACT FOR SECURITY SERVICES, INC.

Ms. Kerr reviewed and discussed contracts between Kimmons and the District for monitoring and maintenance services at the Malcomson Road and Oakbluff water plants. She stated that Kimmons will check all equipment at both water plants. After discussion, Director Beversdorf moved to (1) approve a letter to Infrastruct Security, Inc. providing notice that all monitoring and maintenance service to the District will terminate as of November 30, 2008; (2) agree to consider proposed contracts from Kimmons for maintenance and monitoring at the Malcomson Road and Oakbluff water plants at the next meeting once Kimmons has evaluated the current equipment; and (3) direct that the letter to Infrastruct Security, Inc. be filed appropriately and retained in the District's official records. Director Murr seconded the motion, which passed by unanimous vote.

REPORT ON DAMAGES TO DISTRICT FACILITIES AND AUTHORIZE APPROPRIATE ACTION, INCLUDING DISCUSS IMPOSING FINES AND PENALTIES FOR VIOLATIONS UNDER THE DISTRICT'S RATE ORDER

There was no discussion on this agenda item.

APPROVE OUT-OF-DISTRICT SERVICE AGREEMENT

Mr. Oliver stated that Mr. Audish has requested an Out-of-District Service Agreement. After discussion, the Board requested that ABHR prepare an Out-of-District Service Agreement between Mr. Audish and the District for consideration at the next Board meeting.

DISTRICT'S WEBSITE

Director Beversdorf updated the Board on the District's website. He stated that information on the tax rate and the status of District facilities during and after the hurricane will be posted on the website.

NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

Director Murr stated that he and Mr. Gustafson are arranging to obtain pamphlets from the NHCRWA on "The Rising Cost of Water" to send out with the water bills.

CYPRESS CREEK FLOOD CONTROL COALITION

Director Murr stated that the District has received correspondence from the Cypress Creek Flood Control Coalition that he will review and report on at the next meeting.

LAKE FOREST PLANT ADVISORY COUNCIL ("LFPAC")

Director White updated the Board on LFPAC activities. He discussed the preliminary bid conference for the bar screen.

CONSTABLE SECURITY PATROL

The Board reviewed a report on the constable security patrol.

ACTION LIST

The Board reviewed the action list.

RECEIVE REPORTS FROM DISTRICT DIRECTORS AND CONSULTANTS

There were no reports from Directors or consultants.

There being no further business to come before the Board, the meeting was adjourned.

Secretary, Board of Directors

(SEAL)

ACTION LIST

1. The operator and engineer will prepare an emergency preparedness plan.
2. ABHR will prepare an Out-of-District Service Agreement.
3. Director Murr will report on correspondence from the Cypress Creek Flood Control Coalition at the next meeting.
4. The operator will prepare a notice on the NHCRWA pumpage fee to add to the water bill.
5. The Board will discuss contracts for security at the next meeting.

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