

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 18

September 4, 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 4th day of September, 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 except Director Bernardini, thus constituting a quorum.

Also present at the meeting were Cliff Kavanaugh of First Southwest Company; Louise Williams and Robin Humphreys of Wheeler & Associates, Inc.; Gus Gustafson of SWWC Services, Inc.; Mark Adam of AEI Engineering, Inc.; Wendy Austin of District Data Services, Inc.; 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 August 11, 2008, meeting. After review and discussion, Director Beversdorf moved to approve the minutes of the August 11, 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 the tax assessor/collector's report with the Board of Directors, a copy of which is attached. She reported that 98.98% 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 Murr seconded the motion, which carried unanimously.

DISCUSS 2008 TAX RATE, SET PUBLIC HEARING DATE, AND AUTHORIZE NOTICE OF PUBLIC HEARING REGARDING ADOPTION OF TAX RATE

Mr. Kavanaugh reviewed a tax rate analysis with the Board, a copy of which is attached. He recommended a total tax rate for 2008 of \$0.324 per \$100 of assessed valuation, \$0.074 for debt service and \$0.25 for maintenance and operations. After discussion, Director Beversdorf moved to approve the proposed tax rate of \$0.324 and authorize the tax assessor/collector to publish a notice of the Board meeting of October 13, 2008, in the Houston Chronicle, where the Board will adopt the proposed tax rate. Director Murr seconded the motion, which passed by unanimous vote.

ENGINEER'S REPORT

Mr. Adam reviewed the engineer's report, a copy of which is attached. He stated that, at the request of the North Harris County Regional Water Authority (the "NHCRWA"), he prepared a timetable for the design and construction of chloramine disinfection conversion at the water plants.

Mr. Adam stated that he and Director Beversdorf met in the District to discuss alternatives for the NHCRWA water supply connection to the Malcomson Road water plant. He added that descriptions of three options are attached to the engineer's report. Mr. Adam recommended that the Board approve Option No. 1 for the water supply connection. After discussion, Director Beversdorf moved to approve Option No. 1 for the water supply connection to the Malcomson Road water plant. Director Murr seconded the motion, which passed by unanimous vote.

Mr. Adam stated that the District is in receipt of a notice of application for Certificate of Convenience and Necessity for property north of and adjacent to Spring Cypress Road. He stated that no response is necessary from the District. After review and discussion, Director Beversdorf moved to approve the engineer's report. Director Murr seconded the motion, which passed by unanimous vote.

OPERATOR'S REPORT

Mr. Gustafson reviewed the operator's report with the Board, a copy of which is attached. Mr. Gustafson discussed deposits required by the District's Rate Order on commercial accounts. He stated that he will report to the Board on existing deposits for

commercial customers at the next meeting. He added that he will check on the high water usage at Lakewood Towne Square.

Mr. Gustafson stated that the District received a letter from the Texas Commission on Environmental Quality ("TCEQ") stating that the District will be required to increase the number of samples commencing in October, 2008, due to increased population served by the District. After review and discussion, Director Beversdorf moved to approve the operator's report. Director Murr 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 Murr seconded the motion, which passed unanimously.

CONTRACT FOR SECURITY SERVICES, INC.

Ms. Austin stated that the District has been billed quarterly for monitoring and maintenance services by Infrastruct Security, Inc. during the last year. The Board requested that ABHR obtain a proposed contract for monitoring and maintenance of the District's security system from Kimmons Security Services, Inc., for review at the next meeting.

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.

DISTRICT'S WEBSITE

Director Beversdorf updated the Board on the District's website.

NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

Director Murr stated that he did not have an update on the NHCRWA.

LAKE FOREST PLANT ADVISORY COUNCIL ("LFPAC")

Director White updated the Board on LFPAC activities.

CONSTABLE SECURITY PATROL

There was no discussion on this agenda item.

APPROVE OUT-OF-DISTRICT SERVICE AGREEMENT

There was no discussion on this agenda item.

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. ABHR will obtain a contract from Kimmons Security Services, Inc.

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