

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 18

November 10, 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 10th day of November, 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 Yvonne Luevano 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 October 13, 2008, meeting. After review and discussion, Director Beversdorf moved to approve the minutes of the October 13, 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.

DISCUSS BUDGET FOR FISCAL YEAR ENDING DECEMBER 31, 2009

Ms. Austin reviewed a proposed budget for the fiscal year ending December 31, 2009. The Board concurred to consider adoption of the budget at the next meeting. The Board concurred to conduct a workshop in January on capital improvements to the District's system.

APPROVE DEVELOPER REIMBURSEMENT REPORT FOR HIDDEN FALLS AND AUTHORIZE DEVELOPER REIMBURSEMENT

Mr. Oliver stated Sandersen Knox & Belt L.L.P. is in the process of preparing a final developer reimbursement report for the Hidden Falls project. He stated that the auditor has confirmed that they have substantiated all construction costs for the project. Mr. Oliver stated that, pursuant to the Agreement for Financing of Facilities, the District can make a partial reimbursement to Great Pines Partnership from the operating account in the amount of \$170,000 to be reimbursed to the operating account from surplus and escrowed funds once approved by the Texas Commission on Environmental Quality. After review and discussion, Director Beversdorf moved to authorize reimbursement to Great Pines Partnership from the operating fund in the amount of \$170,000 and adopt a Resolution Expressing Intent to Reimbursement and direct that the Resolution be filed appropriately and retained in the District's official records. Director Bernardini seconded the motion, which passed by unanimous vote.

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 3.22% of the 2008 taxes have been collected to date. After review and discussion, Director Bernardini moved to approve the tax assessor/collector's report and the tax bills presented for payment. Director Beversdorf seconded the motion, which carried unanimously.

Mr. Oliver stated that the District needs to enter into a new Depository Pledge Agreement with Sterling Bank. He then reviewed a Depository Pledge Agreement between the District and Sterling Bank. After review and discussion, Director Beversdorf moved to approve the Depository Pledge Agreement with Sterling Bank, and direct that the Agreement be filed appropriately and retained in the District's official records. Upon the question being called, Directors Murr, Bernardini, and Beversdorf voted "Aye," Director White abstained, and the motion passed.

APPROVE OUT-OF-DISTRICT SERVICE AGREEMENT

Mr. Oliver stated that Mr. Audish has requested an Out-of-District Service Agreement. He added that the Out-of-District Service Agreement will provide for an annual payment in lieu of taxes and be effective January 1, 2009. The Board concurred

to consider approval of the Out-of-District Service Agreement between Mr. Audish and the District at the next Board meeting.

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. He stated that the plans will be submitted to the Texas Commission on Environmental Quality next week. He added that the system needs to be in operation by September, 2009.

Mr. Adam updated the Board on the installation of a bar screen at the regional wastewater treatment plant. After review and discussion, Director Bernardini moved to approve the engineer's report. Director Beversdorf 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. Director Beversdorf stated that there has been a change in the insurance rating in the area in which the District is located due to the Cy-Fair Volunteer Fire Department. Mr. Gustafson reviewed an estimate to replace the chlorinator system at water plant no. 2 at a cost of \$2,947.38. Mr. Gustafson stated that he will prepare a letter to the District's customers regarding the North Harris County Regional Water Authority ("NHCRWA") fee increase, the District's proposed rate increase to take effect January 1, 2009, and the change in the insurance rating.

After review and discussion, Director Beversdorf moved to approve the operator's report and authorize replacement of the chlorination system at water plant no. 2 at a cost of \$2,947.38. Director Bernardini seconded the motion, which passed unanimously.

EMERGENCY PREPAREDNESS

Mr. Adam discussed the preparation of an emergency preparedness plan. Director Bernardini stated that the consultants will prepare a manual for the Board's use during an emergency.

REQUEST FOR PUBLIC ASSISTANCE FROM THE FEDERAL EMERGENCY MANAGEMENT AGENCY ("FEMA")

Mr. Oliver distributed and reviewed a memorandum from ABHR to the Board regarding FEMA Requests for Public Assistance, Stage 2, a copy of which is attached. Mr. Gustafson stated that he is reviewing all of the District's costs associated with damage due to the hurricane. He added that he will coordinate with ABHR on whether

to file further information with FEMA in order to process a claim for reimbursement. The Board concurred to authorize Director White to execute the necessary documents in order to file a claim with FEMA.

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.

APPROVE ALARM MONITORING AGREEMENT AND MAINTENANCE AGREEMENT WITH KIMMONS SECURITY SERVICES, INC. FOR SECURITY MONITORING AT DISTRICT FACILITIES

Ms. Kerr reviewed and discussed Alarm Monitoring Agreements and Maintenance Agreements between Kimmons and the District for monitoring and maintenance services at the Malcomson Road and Oak Bluff Drive water plants. Mr. Oliver reviewed a letter from Infrastruct Security Services, Inc. regarding the District's notice to terminate service as of November 30, 2008. After review and discussion, Director Beversdorf moved to approve the Alarm Monitoring Agreements and Maintenance Agreements between the District and Kimmons for maintenance and monitoring at the Malcomson Road and Oak Bluff Drive water plants and direct that the agreements be filed appropriately and retained in the District's official records. Director Bernardini seconded the motion, which passed by unanimous vote.

REPORT ON DAMAGES TO DISTRICT FACILITIES

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 updated the Board on NHCRWA activities.

CYPRESS CREEK FLOOD CONTROL COALITION

Director Murr stated that the District has received a request for funding from the Cypress Creek Flood Control Coalition (the "Coalition"). The Board concurred to not make a contribution to the Coalition.

LAKE FOREST PLANT ADVISORY COUNCIL ("LFPAC")

Director White updated the Board on LFPAC activities.

CONSTABLE SECURITY PATROL

The Board reviewed a report on the constable security patrol.

RENEWAL OF CONTRACT WITH HARRIS COUNTY FOR DEPUTY SERVICES

The Board discussed a proposed contract between Harris County and the District for deputy services. Following review and discussion, Director Bernardini moved to approve renewal of the Law Enforcement Services Agreement with Harris County for the services of one deputy, contingent upon approval by ABHR, and direct that the Agreement be filed appropriately and retained in the District's official records. Director Beversdorf seconded the motion, which passed by unanimous vote.

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. The operator will prepare a letter to the customers for the Board’s review.
4. The operator will coordinate with ABHR on the filing of a claim with FEMA.

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
bookkeeper’s report	1
budget comparison	1
schedule of investments	1
tax assessor/collector’s report	2
engineer’s report	3
operator’s report.....	3
memorandum from ABHR to the Board regarding FEMA Requests for Public Assistance, Stage 2	3
termination list	4