

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 18

December 8, 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 8th day of December, 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 Humphrey of Wheeler & Associates, Inc.; Gus Gustafson of SWWC Services, Inc. ("SWWC"); 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 November 10, 2008, meeting. After review and discussion, Director Bernardini moved to approve the minutes of the November 10, 2008, meeting. Director Beversdorf seconded the motion, which passed unanimously.

FINANCIAL AND BOOKKEEPING MATTERS

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.

## ADOPT BUDGET FOR FISCAL YEAR ENDING DECEMBER 31, 2009

Ms. Austin reviewed a proposed budget for the fiscal year ending December 31, 2009, a copy of which is attached to the bookkeeper's report. Ms. Austin stated that a line item will be added to the budget for the chloramine system in the amount of \$200,000. After review and discussion, Director Beversdorf moved to adopt the budget for the fiscal year ending December 31, 2009. Director Bernardini seconded the motion, which passed by unanimous vote.

## TAX ASSESSMENT AND COLLECTIONS MATTERS

Ms. Williams reviewed with the Board the tax assessor/collector's report, a copy of which is attached. She reported that 7.22% of the 2008 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.

## 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 have been submitted to the governmental agencies for review. After review and discussion, Director Beversdorf moved to approve the engineer's report. Director Bernardini seconded the motion, which passed by unanimous vote.

## OPERATION OF DISTRICT FACILITIES

Mr. Gustafson reviewed the operator's report with the Board, a copy of which is attached.

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 for the Board's review at the special meeting.

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

Mr. Oliver stated that, in connection with the Alarm Monitoring Agreements and Maintenance Agreements between Kimmons and the District, the Board has been asked to approve Releases of Liability for the Malcomson Road and Oak Bluff Drive water plants. He added that the Releases of Liability authorize the monitoring company to contact SWWC Services, Inc. first and then the Constable. After review and discussion,

Director Bernardini moved to authorize Director White to execute the Releases of Liability for the Malcomson Road and Oak Bluff Drive water plants and direct that the Releases be filed appropriately and retained in the District's official records. Director Beversdorf seconded the motion, which passed by unanimous vote.

#### 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 AMENDMENT TO CONTRACT WITH SWWC SERVICES, INC.

Mr. Gustafson reviewed an amendment to the contract between the District and SWWC Services, Inc. He stated that the amendment includes a new schedule of rates for services by SWWC Services, Inc. After review, the Board concurred to conduct a special meeting to discuss the amendment. Mr. Gustafson stated that the rates have not been increased since January, 2007. Mr. Gustafson discussed several of the fees included in the new schedule. The Board asked Mr. Gustafson to bring several options to the special meeting on the request for an increase in the rates in the contract.

#### EMERGENCY PREPAREDNESS

Director Bernardini reviewed and discussed a draft of an emergency preparedness plan. He requested that the consultants review the draft plan and add their recommendations.

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

Mr. Gustafson discussed the preparation of the claim submission being prepared for the District pursuant to FEMA Requests for Public Assistance, Stage 2. He stated that SWWC Services, Inc. will submit the District's costs associated with damage due to Hurricane Ike to FEMA in order to process a claim for reimbursement.

FEDERAL EMERGENCY MANAGEMENT AGENCY ("FEMA") HAZARD MITIGATION GRANT PROGRAM APPLICATIONS

Mr. Oliver distributed and reviewed a memorandum from ABHR to the Board regarding FEMA Hazard Mitigation Grant Program Applications, a copy of which is attached. He stated that state officials will review the applications and select grant proposals pursuant to the Hazard Mitigation Grant Program established by FEMA. Mr. Oliver stated that the District's first step in applying for a grant is to submit a Notice of Interest by January 9, 2008. After discussion, Director Beversdorf moved to authorize Mr. Adam to prepare the Notice of Interest for the Mitigation Grant Program and authorize ABHR to submit the Notice of Interest to FEMA. Director Bernardini seconded the motion which passed by unanimous vote. The Board concurred to authorize Director White to execute the necessary documents in order to file the Notice of Interest and Application with FEMA.

ADOPT AMENDED RATE ORDER

The Board tabled discussion on this agenda item.

REPORT ON DAMAGES TO DISTRICT FACILITIES

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. He added that the Out-of-District Service Agreement provides for an annual payment in lieu of taxes and will be effective January 1, 2009. Mr. Oliver reviewed an Out-of-District Service Agreement with the Board. After review and discussion, Director Beversdorf moved to approve the Out-of-District Service Agreement between the District and Mr. Audish and direct that the Agreement be filed appropriately and retained in the District's official records. Director Bernardini seconded the motion, which passed by unanimous vote.

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 ("COALITION")

There was no report on 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.

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

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Secretary, Board of Directors

(SEAL)

ACTION LIST

1. The operator and engineer will prepare an emergency preparedness plan.
2. The operator will prepare a letter to the customers for the Board's review at the special meeting.
3. The operator will file the District's claim with FEMA.

LIST OF ATTACHMENTS TO MINUTES

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