

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 18

January 12, 2009

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 12th day of January, 2009, 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 Beversdorf, 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.; Brandi Hebert of District Data Services, Inc.; and Adisa Abudu-Davis 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 December 8 and December 16, 2008, meetings. After review and discussion, Director Bernardini moved to approve the minutes of the December 8 and December 16, 2008, meetings. Director Murr seconded the motion, which passed unanimously.

FINANCIAL AND BOOKKEEPING MATTERS

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

Ms. Abudu-Davis reviewed a Supplemental Engagement Letter with ABHR for legislative monitoring and reporting. She outlined the services that ABHR will render to the District during the 81st Regular Session of the Texas Legislature from January of 2009 until June of 2009. After review and discussion, Director Bernardini moved to approve the Supplemental Engagement Letter with ABHR for legislative monitoring and reporting and direct that the letter be filed appropriately and retained in the District's official records. Director White seconded the motion, which passed unanimously.

#### TRAVEL REIMBURSEMENT GUIDELINES AND DIRECTOR EXPENSES FOR ASSOCIATION OF WATER BOARD DIRECTORS WINTER CONFERENCE

The Board discussed the Association of Water Board Directors winter conference. After discussion, Director Bernardini moved to authorize hotel rooms for two nights, per diems for the Directors for three days of the conference and three meals per day. Director Murr seconded the motion, which carried unanimously.

#### ANNUAL DISCLOSURE STATEMENTS

Ms. Abudu-Davis presented to the Board the Public Funds Investment Act Disclosure Statements for the bookkeeper and investment officer. Ms. Abudu-Davis noted that the Statements will be filed with the Texas Ethics Commission. After review and discussion, Director Bernardini moved to accept the Disclosure Statements under the Public Funds Investment Act and direct that the statements be filed appropriately and retained in the District's official records. Director Murr seconded the motion, which carried unanimously.

#### 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 34.71% 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 Murr seconded the motion, which carried unanimously.

#### ENGINEER'S REPORT

Mr. Adam reviewed the engineer's report, a copy of which is attached. He reviewed the plans and specifications for the design of chloramine disinfection conversion at the water plants. After review and discussion, Director Bernardini moved to (1) approve the engineer's report and (2) approve the plans and specifications and authorize the engineer to advertise for bids for the construction of the chloramine

disinfection conversion systems at the water plants. Director Murr seconded the motion, which passed by unanimous vote.

Ms. Abudu-Davis stated that ABHR submitted the District's Notice of Interest to FEMA and Harris County for the FEMA Hazard Mitigation Grant Program.

#### OPERATION OF DISTRICT FACILITIES

Mr. Gustafson reviewed the operator's report with the Board, a copy of which is attached. After review and discussion, Director Bernardini 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 Bernardini 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.

#### EMERGENCY PREPAREDNESS

Director Bernardini discussed the preparation of an emergency preparedness plan. He stated that the consultants are reviewing the draft plan.

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

Mr. Gustafson stated that SWWC Services, Inc. submitted the District's costs associated with damage due to Hurricane Ike to FEMA in order to process a claim for reimbursement.

#### REPORT ON DAMAGES TO DISTRICT FACILITIES

There was no discussion on this agenda item.

#### 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. Ms. Abudu-Davis reviewed a letter from Harris County regarding an expected increase in the rates in law enforcement services agreements beginning in 2010, a copy of which is attached. The Board concurred to explore other options for law enforcement services including the sheriff’s department, private security and opportunities to partner with the neighboring district on a joint security agreement.

SCHEDULE SPECIAL WORKSHOP MEETING TO DISCUSS BUDGET FOR CAPITAL IMPROVEMENTS

The Board concurred to meet on February 18, 2009, at 4:00 p.m. at the offices of Murr Incorporated, 11803 Grant Road, Suite 208, Cypress, Texas.

DISTRICT INFORMATION KIT

Ms. Abudu-Davis distributed an updated Information Kit for the Board’s review. The Board concurred to discuss the Information Kit at the next meeting.

DISCUSS CALLING BOND AND MAINTENANCE TAX ELECTION

The Board tabled action on this agenda item.

ADOPT RESOLUTION IN SUPPORT OF MUNICIPAL SETTING DESIGNATION APPLICATION OF REGENCY CENTERS

Ms. Abudu-Davis reviewed a Resolution in Support of Municipal Setting Designation Application of Regency Centers. She stated that Regency Centers intends to file an application with the Texas Commission on Environmental Quality for certification of a municipal setting designation for property located at the 7300 block of Louetta Road, Cypress, Texas (the “MSD Site”). She added that Regency Centers has asked the District to adopt the Resolution in Support of Municipal Setting Designation because the MSD Site is located within five miles of a water well owned by the District. After review and discussion, Director Bernardini moved to adopt a Resolution in Support of the Application of Regency Centers to the Texas Commission on

Environmental Quality for the 7300 Block of Louetta Road, Houston, Texas 77379, and direct that the Resolution be filed and retained in the District's official records. Director Murr seconded the motion, which carried unanimously.

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.

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