

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 18

April 13, 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 13th day of April, 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, thus constituting a quorum.

Also present at the meeting were Curtis Craig of Sandersen Knox & Belt LLP; Louise Williams of Wheeler & Associates, Inc.; Gus Gustafson of SWWC Services, Inc. ("SWWC"); Mark Adam of AEI Engineering, Inc.; Stephanie Viator of District Data Services, Inc.; and David Oliver, Janet Swartz, and Amy Conner 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 March 9, 2009, meeting. After review and discussion, Director Bernardini moved to approve the minutes of the March 9, 2009, meeting. Director Murr seconded the motion, which passed by unanimous vote.

APPROVE AUDIT

Mr. Craig reviewed the District's audit for the 2008 fiscal year. Following review and discussion, Director Bernardini moved to approve the audit subject to final comments by Board members and consultants, authorize the Vice President's execution of the Texas Commission on Environmental Quality Annual Filing Affidavit, authorize the filing of the audit with the Texas Commission on Environmental Quality, and direct that the audit be filed appropriately and retained in the District's official records. Director Murr seconded the motion, which was approved by unanimous vote.

## FINANCIAL AND BOOKKEEPING MATTERS

The Board received the bookkeeper's report and considered paying the bills. Ms. Viator 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 Murr seconded the motion, which passed unanimously.

## CONDUCT ANNUAL REVIEW OF INVESTMENT POLICY

The Board then conducted an annual review of the District's Investment Policy. After review and discussion, Director Bernardini moved to adopt a Resolution Regarding Annual Review of the Investment Policy reflecting that the current policy will remain in effect and direct that the Resolution be filed appropriately and retained in the District's official records. Director Murr seconded the motion, which carried by unanimous vote.

Mr. Oliver reviewed an updated Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions. He stated that the List of Qualified Broker/Dealers With Whom the District May Engage in Investment Transactions has been updated by the bookkeeper. After review and discussion, Director Bernardini moved to adopt the Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions, and direct that the Resolution be filed appropriately and retained in the District's official records. Director Murr seconded the motion, which passed 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 94.34% of the 2008 taxes have been collected to date. Ms. Williams stated that the District will be billed for any service provided by Wheeler & Associates, Inc. that is not defined as monthly services in the Agreement for Tax Assessor/Collector Services, but such billing for separate items will be included in the basic bill. After review and discussion, Director White 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.

Mr. Adam stated that the contracts for the chloramine disinfection conversion at the water plants are being executed. He stated that the North Harris County Regional Water Authority (“NHCRWA”) will conduct briefings on April 28 and April 30, 2009, to review the 2010 conversion to surface water.

Mr. Adam stated that he has reviewed and commented on plans received from Windstorm Plus Engineering, Inc. for the Cypress Storage Facility to be located at the corner of Grant Road and Malcomson Road. He added that the facility is part of the Lakewood Towne Square Retail Center development. He added that he and Mr. Oliver will review the requirements for development of the Center in connection with the plans for the facility.

Mr. Oliver stated that the District received a letter from Great Pines Partnership requesting amendments to the Agreement for Financing of Facilities. Mr. Oliver stated that the letter reflects that the plans for the Hidden Falls development have changed and some homes will be constructed on multiple lots, and a total of 25 homes will be constructed. He added that the letter reflects that 14 lots have been sold but 9 houses are being built or will be under construction. Mr. Oliver stated that he will review the Development Financing Agreement and report to the Board at the next meeting.

After review and discussion, Director Beversdorf moved to approve the engineer’s report. Director Murr 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. The Board requested that Mr. Gustafson determine when the last water system valve survey and fire hydrant valve survey was conducted. 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.

#### AMENDED RATE ORDER

Mr. Oliver reviewed an Amended Rate Order with the Board. He stated that the Order has been amended to reflect that violators of the Order Establishing Rules and Regulations Regarding Sanitary and Pollution Control of the Areas in Proximity to the District's Public Water Supply Wells will be subject to a penalty of \$5,000. After review and discussion, Director White moved to adopt an Amended Rate Order and direct that the Order be filed appropriately and retained in the District's official records. Director Murr seconded the motion, which carried unanimously.

#### APPROVE CONSUMER CONFIDENCE REPORT AND AUTHORIZE OPERATOR TO MAIL CONSUMER CONFIDENCE REPORT AND FILE CERTIFICATE OF MAILING WITH THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Mr. Gustafson stated that he will have the Consumer Confidence Report for the Board's review at the next meeting.

#### ORDER ADOPTING IDENTITY THEFT PREVENTION PROGRAM

Mr. Oliver reviewed an Order Adopting Identity Theft Prevention Program and Providing for Implementation and Enforcement Thereof. After review and discussion, Director Bernardini moved to adopt an Order Adopting Identity Theft Prevention Program and Providing for Implementation and Enforcement Thereof and direct that the Order be filed appropriately and retained in the District's official records. Director Murr seconded the motion, which passed by unanimous vote.

#### ORDER ADOPTING AMENDED AND RESTATED DROUGHT CONTINGENCY PLAN

Mr. Oliver stated that the Texas Commission on Environmental Quality rules require that the District review and adopt an amended and restated Drought Contingency Plan prior to May 1, 2009. After review and discussion, Director Murr moved to adopt an Order Adopting Amended and Restated Drought Contingency Plan; Providing for Implementation and Enforcement Thereof; Providing Penalties for Violations; and Containing Other Provisions Related to the Subject and direct that the Order be filed appropriately and retained in the District's official records. Director Bernardini seconded the motion, which passed by unanimous vote.

#### ORDER ADOPTING WATER CONSERVATION PLAN

Mr. Oliver stated that once the District constructs a chloramine disinfection conversion system at both water plants, it will receive water from the NHCRWA and therefore, the District should adopt a Water Conservation Plan ("WCP"). He then reviewed the Water Conservation Plan with the Board. Mr. Oliver stated that the District's Operator will administer and enforce the WCP and will oversee and be responsible for the execution and implementation of all elements of the Plan. After review and discussion, Director Bernardini moved to adopt an Order Adopting Water Conservation Plan; Providing for Implementation and Enforcement Thereof; and Containing Other Provisions Related to the Subject, authorize filing with the NHCRWA, and direct that the Order be filed appropriately and retained in the District's official records. Director Murr seconded the motion, which passed by unanimous vote.

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

Mr. Gustafson stated that the District's claim for costs associated with damage due to Hurricane Ike has not been processed by FEMA.

#### REPORT ON DAMAGES TO DISTRICT FACILITIES

There was no discussion on this agenda item.

#### EMERGENCY PREPAREDNESS

Director Bernardini discussed the preparation of an emergency preparedness plan. He stated that he will coordinate with Mr. Adam and Mr. Gustafson to finalize the plan by the next Board meeting. Mr. Gustafson discussed the plan and the type of signs that the District can have made to use during an emergency situation. He reviewed signs for "Start Boil Notice," "Stop Boil Notice," and "Drought Emergency Notice." Mr. Gustafson stated that he will prepare a list of businesses located in the District to notify during an emergency. Director Murr recommended that a press release be prepared as part of the plan for use during an emergency. Mr. Gustafson stated that press releases need to include the names of all of the subdivisions located in the District. Mr. Gustafson recommended that the Board send a letter to customers in June regarding preparations for hurricane season.

#### NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

Director Murr updated the Board on NHCRWA activities.

#### 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.

LEGISLATIVE UPDATE

Mr. Oliver updated the Board on legislative matters.

Director Bernardini stated that he has been attending meetings of Public Power Pool on behalf of the District.

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. Director Beversdorf and Mr. Adam will work on the notice to customers regarding changing from free chlorine to chloramines.
3. The operator will report on water system valve surveys and fire hydrant surveys.

LIST OF ATTACHMENTS TO MINUTES

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