

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 18

May 11, 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 11th day of May, 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 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 April 13, 2009, meeting. After review and discussion, Director Beversdorf moved to approve the minutes of the April 13, 2009, meeting. Director Murr seconded the motion, which passed by unanimous vote.

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 Bernardini seconded the motion, which passed unanimously.

## 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.

## 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 97.06% 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.

## ENGINEER'S REPORT

Mr. Adam reviewed the engineer's report, a copy of which is attached.

Mr. Gustafson stated that an electrical problem at the lift station in Hidden Falls was repaired. He added that he will check on the autodialer equipment at the lift station.

Mr. Adam updated the Board on the construction of the bar screen at the Lake Forest Wastewater Treatment Plant.

Mr. Adam updated the Board on the contracts for the chloramine disinfection conversion at the water plants. He stated that a notice to proceed was issued to the contractor.

Mr. Adam reported that he has not had any further communications from Windstorm Plus Engineering, Inc. regarding the Cypress Storage Facility to be located at the corner of Grant Road and Malcomson Road.

Mr. Oliver started that once the District begins to receive water from the North Harris County Regional Water Authority (the "NHCRWA"), the payment to the NHCRWA will substantially increase. He added that the District's operating expenses and costs for water production should simultaneously decrease. Mr. Oliver recommended that the Rate Order be reviewed prior to the time the District receives water from the NHCRWA to determine if current rates will be sufficient to cover the District's obligation to the NHCRWA.

The Board requested that Mr. Adam send the plans on the water plants to the fire department. 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 recommended that a water system valve survey and fire hydrant valve survey be conducted. He added that tests will be conducted on the water wells. Mr. Gustafson stated that he is obtaining information on a remote meter reading program. After review and discussion, Director Beversdorf moved to approve the operator's report and authorize the operator to conduct the valve survey and fire hydrant valve survey. Director Bernardini 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 CONSUMER CONFIDENCE REPORT

Mr. Gustafson reviewed the Consumer Confidence Report ("CCR") with the Board. After review and discussion, Director Beversdorf moved to approve the CCR, authorize the operator to mail the CCR, and file the certificate of mailing with the Texas Commission on Environmental Quality contingent upon final approval by ABHR, and direct that the CCR be filed appropriately and retained in the District's official records. Director Bernardini 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 clarify water and sewer rates for commercial users in the District. After review and discussion, Director Beversdorf moved to adopt an Amended Rate Order and direct that the Order be filed appropriately and retained in the District's official records. Director Bernardini seconded the motion, which carried unanimously.

## 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.

## 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.

## APPROVE AMENDMENT TO AGREEMENT FOR FINANCING OF FACILITIES WITH GREAT PINES PARTNERSHIP

The Board discussed making a payment to Great Pines Partnership ("GPP") pursuant to the Agreement for Financing of Facilities (the "Agreement"). Mr. Oliver stated that the District is not obligated to make a reimbursement payment to GPP for 2009 because the project has not satisfied the performance requirements set forth in Section 15 of the Agreement. He added that the Board, in its sole discretion, has the option under the Agreement to make payments that are not otherwise due or to increase the amount of payments that are due. After discussion, Director Beversdorf moved to approve payment for 2009 to GPP in the amount of \$7,000, which is approximately the amount of taxes collected by the District on property being developed by GPP, because GPP has fulfilled all of the commitments it made with respect to the development quality of the project and dealt with the District in a professional manner. Director Bernardini seconded the motion, which passed by unanimous vote. The Board concurred that in March of 2010, it will review the status of the GPP project to determine whether GPP has satisfied the performance criteria

outlined in the Agreement to determine whether the District is required to begin making the regular reimbursement payments called for in the Agreement.

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 conduct a water system valve survey and fire hydrant survey.

LIST OF ATTACHMENTS TO MINUTES

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