

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 18

June 8, 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 8th day of June, 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 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.; Lori Burns of Public Power Pool; 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 May 11, 2009, meeting. After review and discussion, Director Beversdorf moved to approve the minutes of the May 11, 2009, meeting. Director Bernardini seconded the motion, which passed by unanimous vote.

PRESENTATION FROM PUBLIC POWER POOL

Ms. Burns of Public Power Pool ("PPP") distributed and reviewed a Member Presentation with the Board. She discussed information on PPP program benefits, the history of PPP, market conditions, members of PPP, and a budget projection report. Ms. Burns stated that Director Bernardini represents the District on the Public Power Pool conference calls. The Board thanked Ms. Burns for attending the meeting.

## 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. The Board requested that Ms. Austin create a Strategic Partnership Reserve in the Operating Fund for funds received pursuant to the Strategic Partnership Agreement with the City of Houston. 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.

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

The Board discussed the District's Travel Policy and the Association of Water Board Directors summer conference. After discussion, Director Beversdorf moved to authorize the directors attending the conference to receive four per diems, 3 nights of hotel expense, and reimbursement for meals during the conference with the exception of lunch on Friday and Saturday which is provided as part of the conference. Director Bernardini seconded the motion, which passed by unanimous vote.

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

Ms. Austin stated that the District's claim for costs associated with damage due to Hurricane Ike was paid by FEMA in the amount of \$22,768.30.

## TAX ASSESSMENT AND COLLECTIONS MATTERS

Ms. Humphrey reviewed with the Board the tax assessor/collector's report, a copy of which is attached. She reported that 97.83% of the 2008 taxes have been collected to date. She reviewed a list of accounts that can be moved to the Uncollectible Tax Roll. After review and discussion, Director Bernardini moved to approve the tax assessor/collector's report, the tax bills presented for payment, and authorize the transfer of the uncollectible tax accounts to the Uncollectible Tax Roll. Director Beversdorf seconded the motion, which carried unanimously.

## ENGINEER'S REPORT

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

In response to a question from Director Beversdorf on the plans for the expansion of Grant Road, Mr. Adam stated that he will check on the schedule for commencement of the project.

Mr. Adam updated the Board on the contracts for the chloramine disinfection conversion at the water plants.

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.

After review and discussion, Director Bernardini 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. He reported on coordination with the fire department to refill the Hunters Valley Subdivision pool. He added that tests are being conducted on the water wells. After review and discussion, Director Beversdorf moved to approve the operator's report. Director Murr 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 Murr seconded the motion, which passed unanimously.

#### REPORT ON DAMAGES TO DISTRICT FACILITIES

There was no discussion on this agenda item.

#### ADOPT EMERGENCY RESPONSE PLAN

Director Bernardini discussed a proposed emergency preparedness plan with the Board. He stated that he met with Mr. Adam and Mr. Gustafson to finalize the plan.

Director Bernardini reviewed an action item list, a copy of which is attached, regarding implementation of the Emergency Response Plan. The Board concurred that the Board members should be contacted in an emergency in the following order: President, Vice President, Secretary, Assistant Vice President, Assistant Secretary, and

that Director Bernardini will serve as the Public Communications Spokesperson. Director Bernardini reviewed the contents of District signs to be used during emergencies. The Board requested that Mr. Gustafson have the emergency signs made and stored in the District. Director Bernardini reviewed a press release format, a Texas Commission on Environmental Quality boil water notice, and a District boil water press release. He stated that the forms will be used during emergencies in conjunction with the Emergency Response Plan. Director Bernardini recommended that plant operational diagrams be prepared and posted at the water plants. The Board authorized Mr. Adam to prepare the operational diagrams. After review and discussion, Director Beversdorf moved to adopt a Resolution Adopting Emergency Preparedness Plan and direct that the Plan be filed appropriately and retained in the District's official records. Director Murr seconded the motion, which carried unanimously.

#### NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY ("NHCRWA")

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.

#### DISCUSS RENEWAL OF DISTRICT INSURANCE POLICIES

The Board reviewed an insurance renewal proposal from The Essential Group. Following review and discussion, Director Bernardini moved that the Board accept the proposal from The Essential Group for general liability, law enforcement liability, automobile liability, property, boiler and machinery, directors and officers liability, in the amount of \$2,000,000 and including the defense outside of coverage option, business travel coverage, workers compensation, pollution, a bond in the amount of \$50,000 to cover the directors, a bond in the amount of \$100,000 to cover the attorney, bookkeeper, operator, engineer and delinquent tax attorney and a bond in the amount of \$100,000 to cover the tax assessor/collector and direct that the proposal be filed appropriately and retained in the District's official records. Director Beversdorf seconded the motion. Upon the question being called, Directors White, Beversdorf, and Bernardini voted "Aye," Director Murr abstained, and the motion passed.

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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