

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 18

September 14, 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 14th day of September, 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 Bernardini, thus constituting a quorum.

Also present at the meeting were Louise Williams of Wheeler & Associates, Inc.; Todd Burrer and Gus Gustafson of SWWC Services, Inc. ("SWWC"); Mark Adam of AEI Engineering, Inc.; Brandi Hebert of District Data Services, Inc.; Anthea Moran of First Southwest Company; 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 August 10, 2009, meeting. After review and discussion, Director Murr moved to approve the minutes of the August 10, 2009, meeting. Director Beversdorf 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. Hebert 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.

Mr. Oliver stated that pursuant to the Out-of-District Service Agreement between the District and Mr. Audish, the bookkeeper, on behalf of the District, will submit an invoice to Mr. Audish for the annual fee due to the District. After discussion, Director Beversdorf moved to authorize the bookkeeper to send the invoice to Mr. Audish for the annual fee. 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 99.19% 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 payment of the tax bills. Director Murr seconded the motion, which carried unanimously.

#### DISCUSS 2009 TAX RATE, SET PUBLIC HEARING DATE, AND AUTHORIZE NOTICE OF PUBLIC HEARING REGARDING ADOPTION OF TAX RATE

Ms. Moran reviewed a tax rate analysis with the Board, a copy of which is attached. She recommended a total tax rate for 2009 of \$0.324 per \$100 of assessed valuation, \$0.074 for debt service and \$0.25 for maintenance and operations. After discussion, Director Beversdorf moved to approve the proposed tax rate of \$0.324 and authorize the tax assessor/collector to publish a notice of the Board meeting of October 12, 2009, in the Houston Chronicle, where the Board will adopt the proposed tax rate. Director Murr seconded the motion, which passed by unanimous vote.

#### ENGINEER'S REPORT

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

Mr. Adam updated the Board on the contract for the chloramine disinfection conversion at the water plants. Director Beversdorf discussed the timing of the notice to customers regarding changing from free chlorine to chloramines. The Board requested that Mr. Adam update the Five-Year Plan to include the chloramine conversion project.

Mr. Adam updated the Board on the North Harris County Regional Water Authority ("NHCRWA") Malcomson Road and Grant Road water line improvements.

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. Director White asked Mr. Gustafson to report to the Board on the amount of

revenue the District has received for water and sewer services for the last two years. In response to a question from Director Murr, Mr. Gustafson explained the meter reading process. 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.

#### AMENDED RATE ORDER

Mr. Oliver reviewed an Amended Rate Order with the Board. He stated that the Order has been amended to reflect that all users shall be billed monthly a per 1,000 gallons of water charge equal to 100% (rounded up to the nearest whole number) of the pumpage fee imposed on the District by the NHCRWA. 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 Murr seconded the motion, which carried unanimously.

#### REPORT ON DAMAGES TO DISTRICT FACILITIES

There was no discussion on this agenda item.

#### EMERGENCY RESPONSE PLAN AND ADOPT RESOLUTION ADOPTING AMENDED EMERGENCY PREPAREDNESS PLAN

Mr. Oliver stated that the District's Emergency Preparedness Plan has been amended to include ESID numbers for the District's electricity accounts and site plans for the District's facilities. After review and discussion, Director Beversdorf moved to adopt a Resolution Adopting Amended 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.

Mr. Oliver updated the Board on Texas Commission on Environmental Quality hearings on new rules regarding emergency preparedness plans.

NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

Director Murr stated he did not have a report on NHCRWA activities.

LAKE FOREST PLANT ADVISORY COUNCIL ("LFPAC")

Director White updated the Board on LFPAC activities. Director White stated that the District's share for improvements to clarifiers nos. 1 and 2 will be \$125,147.37. He added that the District's share of the plant reserve is \$61,197. He added that the District will need to pay the balance of \$63,950.37 to the LFPAC.

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 bookkeeper will send an invoice to Mr. Audish.
2. The engineer will update the Five-Year Plan.
3. Director Beversdorf and Mr. Adam will work on the notice to customers regarding changing from free chlorine to chloramines.
4. The operator will report to the Board on water and sewer revenue for the last two years.

LIST OF ATTACHMENTS TO MINUTES

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