

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 18

May 10, 2010

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 10th day of May, 2010, 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 Yvonne Luevano of Wheeler & Associates, Inc.; Gus Gustafson of SWWC Services, Inc.; Mark Adam of AEI Engineering, Inc. ("AEI"); Wendy Austin 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 April 12 and April 20, 2010, meetings. After review and discussion, Director Beversdorf moved to approve the minutes of the April 12 and April 20, 2010, meetings. Director Bernardini seconded the motion, which passed by unanimous vote.

The Board next considered approving the revised minutes of the March 8, 2010, meeting. After review and discussion, Director Beversdorf moved to approve the revised minutes of the March 8, 2010, meeting. Director Bernardini 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 Murr moved to

approve the bookkeeper's report, the investment report, and payment of the bills. Director Beversdorf seconded the motion, which passed unanimously.

#### TAX ASSESSMENT AND COLLECTIONS MATTERS

Ms. Luevano reviewed with the Board the tax assessor/collector's report, a copy of which is attached. She reported that 97.29% of the 2009 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 Bernardini seconded the motion, which carried unanimously.

#### 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 chloramines disinfection conversion at the water plants. He stated that the project is near completion with the exception of the final connection and miscellaneous items. Mr. Adam stated that the final inspection of the North Harris County Regional Water Authority ("NHCRWA") line installation and connection to the District's system was conducted May 5, 2010, and that the final punch list was finalized. He added that the NHCRWA is ready to supply water to the District.

Mr. Adam reviewed the punch list of items to be maintained or repaired at the Oak Bluff Drive and Malcomson Road water plants and he stated that he and Mr. Gustafson will be working on the punch list items.

Mr. Adam stated that he sent a letter to Mr. Mussa stating that the District will not provide out-of-district water and sewer service for a proposed office park complex.

Mr. Adam updated the Board on the televising of the District's sanitary sewer lines. He stated that Source Point Solutions has televised the first phase of the sanitary sewer lines. Mr. Adam stated that AEI will review the tapes and he will report the findings to the Board.

Mr. Adam stated that the Board received a letter from the NHCRWA regarding the process for determining the NHCRWA Chloramination Credit the District will receive. He added that he will submit the required information to the NHCRWA to obtain the credit.

After review and discussion, Director Bernardini moved to approve the engineer's report and authorize the engineer to prepare the District's application to the NHCRWA for the Chloramination Credit. Director Beversdorf seconded the motion, which passed by unanimous vote.

## CONDUCT TESTS ON WATER WELLS

Mr. Gustafson stated that he will conduct calcium tests on both water wells and report the results to the Board.

## OPERATION OF DISTRICT FACILITIES

Mr. Gustafson reviewed the operator's report with the Board, a copy of which is attached. He stated that he is obtaining an annual report on the fire hydrants in the District to review with the Board at the next meeting. Mr. Gustafson stated that he will determine if the fire hydrants located on Shady Creek Drive are in the District. He added that he will determine if any maintenance is necessary if the hydrants are located in the District.

Mr. Gustafson discussed the notice to the District's customers of the conversion to a chloramines system. Ms. Abudu-Davis stated that the Texas Commission on Environmental Quality ("TCEQ") requires that the District notify its customers of the plan to convert to a chloramines system at least 14 days prior to conversion. She added that Mr. Gustafson will need to submit the District's Certification of Delivery of Public Notice to Customers to the TCEQ. After review and discussion, Director Bernardini moved to (1) authorize the operator to send all District customers notification of the the conversion to a chloramines system no later than May 24, 2010; (2) authorize the operator to send all customers the brochure entitled "The Rising Cost of Water" with the next water bill; (3) authorize the operator to mail all customers the brochure on surface water conversion as soon as possible; (4) authorize the operator to coordinate with Director Bernardini on obtaining signs to post in the District regarding the conversion to a chloramines system; (5) authorize Director Bernardini to post a notice on the District's website regarding the surface water conversion; (6) authorize the operator to send the certification notice to the TCEQ documenting that the District sent its customers the notice regarding the conversion to a chloramines system; (7) authorize the engineer to send notice to Faulkey Gully Municipal Utility District and Lakewood Forest Utility District of the conversion to a chloramines system; and (8) authorize the engineer to report to the NHCRWA that the District will be ready to receive water on or after July 1, 2010. Director Beversdorf seconded the motion, which passed by unanimous vote.

Mr. Gustafson stated that there was a billing error on two customers' accounts. Mr. Gustafson stated that he will monitor the accounts for six months to ensure that the accounts are properly credited and no late fees will be charged. Director Beversdorf stated that he will send an apology letter to the customers.

After review and discussion, Director Bernardini moved to approve the operator's report. Director Beversdorf seconded the motion, which passed by unanimous vote.

## HEARING ON TERMINATION OF WATER AND SEWER SERVICE

Mr. Gustafson stated that the customers on the 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 Beversdorf seconded the motion, which passed unanimously. A copy of the termination list is attached.

## 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 reviewed the Consumer Confidence Report ("CCR") with the Board. After review and discussion, Director Bernardini 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 Beversdorf seconded the motion, which passed unanimously.

## REPORT ON DAMAGES TO DISTRICT FACILITIES

There was no discussion on this agenda item.

## EMERGENCY RESPONSE PLANS

Mr. Adam stated that the Emergency Preparedness Plan (the "Plan") has been approved by the TCEQ. He added that AEI will file the Plan with governmental agencies as required.

## NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

Director Murr reported on activities of the NHCRWA.

## LAKE FOREST PLANT ADVISORY COUNCIL ("LFPAC")

Director White reported on activities of the LFPAC.

## CONSTABLE SECURITY PATROL

The Board reviewed a report on the constable security patrol.

DISTRICT WEBSITE CONTENT

Director Bernardini discussed updates to the District’s website.

CERTIFICATE OF ELECTION

Ms. Abudu-Davis reviewed a Certificate of Election reflecting that Michael Murr has been elected to the Board of Directors for a four-year term. After review and discussion, Director Beversdorf moved to approve the Certificate of Election and direct that the Certificate be filed appropriately and retained in the District’s official records. Director Bernardini seconded the motion, which passed by unanimous vote.

SWORN STATEMENT, BOND, AND OATH OF OFFICE

Director Beversdorf moved to accept the Sworn Statement, Bond, and Oath of Office for Director Murr, authorize the attorney to file the Oath of Office with the Secretary of State, and direct that the Statement, Bond, and Oath of Office be filed appropriately and retained in the District’s official records. Director Bernardini seconded the motion, which passed by unanimous vote.

REORGANIZE THE BOARD AND ELECT OFFICERS

The Board discussed reorganization. After discussion, Director Beversdorf moved that the Directors retain their current positions on the Board as follows:

Arved White	President
Roy A. Beversdorf	Vice President
Michael L. Murr	Secretary
Robert A. Bernardini	Assistant Secretary
Vacant	Assistant Vice President

Director Bernardini seconded the motion, which passed by unanimous vote.

DISTRICT REGISTRATION FORM

The Board next considered authorizing execution of a District Registration Form reflecting the new Board of Directors and terms of office. After review and discussion, Director Beversdorf moved to authorize the President to execute the District Registration Form and direct that the Form be filed appropriately and retained in the District’s official records. Director Bernardini seconded the motion, which passed by unanimous vote.

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 tax assessor/collector will obtain information in connection with the fire hydrants located on Shady Creek Drive.
2. The engineer will file the Emergency Preparedness Plan with governmental agencies.
3. The engineer will prepare the application for the NHCRWA Chloramination Credit.
4. The operator will send certification notice to the TCEQ that the District delivered the public notice of the conversion to a chloramines system to customers.
5. The engineer will send notice to Faulkey Gully Municipal Utility District and Lakewood Forest Utility District of the conversion to a chloramines system.
6. The engineer to report to the NHCRWA that the District will be ready to receive water on or after July 1, 2010.
7. The operator will send the brochure on conversion to a chloramines system to customers.
8. The operator will send the notice to customers on conversion to a chloramines system no later than May 24, 2010.
9. The operator will send the brochure entitled "The Rising Cost of Water" to customers with the next water bills.
10. The operator will coordinate with Director Bernardini on obtaining signs for posting in the District on conversion to a chloramines system.
11. The operator will coordinate with Director Bernardini on posting notice to customers on conversion to a chloramines system on the District's website.
12. The operator will conduct calcium tests on both water wells and report to the Board.

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