

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 18

January 11, 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 11th day of January, 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 Louise Williams 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 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 December 14, 2009, meeting. After review and discussion, Director Beversdorf moved to approve the minutes of the December 14, 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. Ms. Austin updated the Board on the final budget adopted for the fiscal year ending December 31, 2010. She stated that the operator and engineer concurred that \$150,000 should remain under the category of "Repair and Maintenance-Water" in the budget. Ms. Austin stated that she sent an invoice to Mr. Audish for his annual fee to the District pursuant to the Out-of-District Service Agreement. After review and discussion, Director Bernardini moved to approve the

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

#### ANNUAL DISCLOSURE STATEMENTS

Ms. Hebert presented to the Board the Public Funds Investment Act Disclosure Statements for the bookkeeper and investment officer. Ms. Abudu-Davis noted that the Statements will be filed with the Texas Ethics Commission. After review and discussion, Director Beversdorf moved to accept the Disclosure Statements under the Public Funds Investment Act and direct that the statements be filed appropriately and retained in the District's official records. Director Bernardini 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 55.34% of the 2009 taxes have been collected to date. Ms. Williams reported on the number of new homes in Hidden Falls that have been added to the recent tax roll. 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. He reviewed a report on the Hidden Falls development reflecting tax values for 2008 and 2009.

Mr. Adam updated the Board on the contract for the chloramine disinfection conversion at the water plants. Mr. Adam reviewed and recommended approval of Pay Estimate No. 5 in the amount of \$27,225.00 to the R&B Group, Inc. for the contract for conversion to chloramines at the water plants. After review and discussion, Director Beversdorf moved that, based upon the engineer's recommendation, the Board approve Pay Estimate No. 5 in the amount of \$27,225.00 to the R&B Group, Inc.. Director Bernardini seconded the motion, which passed unanimously. Mr. Adam stated that he has not received notice from the North Harris County Regional Water Authority ("NHCRWA") on when the District will receive water from the Authority.

The Board concurred to conduct a special meeting to tour the Malcomson Road Water Plant on January 27, 2010 at 1:30 p.m.

Mr. Adam stated that he has updated the District's summary and plan regarding sanitary sewer repairs. He recommended that the remainder of the lines be televised this year at a cost of approximately \$46,000. The Board requested that Mr. Adam obtain a proposal from Source Point to televise the sanitary sewer lines.

Ms. Abudu-Davis stated that the District, as a retail water supplier with customers in Harris County, is required to comply with Senate Bill 361. She added that the Texas Commission on Environmental Quality ("TCEQ") recently adopted final rules to implement the requirements of Senate Bill 361. Ms. Abudu-Davis stated that the District's Emergency Preparedness Plan is due to the TCEQ by March 1, 2010. Mr. Adam stated that he, Director Bernardini, and Mr. Gustafson met to coordinate preparation of the Emergency Preparedness Plan. He added that the Plan will be ready for approval at the next Board meeting and will be circulated to the Board for review prior to the meeting.

Mr. Adam reviewed with the Board charts regarding (1) Well Water Pumping Cost, (2) Well Water Pumping and Treatment Cost, and (3) Well Water and Water System Cost. He discussed the District's cost to produce water over a 12-month period. He stated that he will prepare a chart reflecting the cost of sewer service for review at the next Board meeting.

After review and discussion, Director Bernardini moved to approve the engineer's report and authorize the engineer to obtain annual water tank inspections at both water plants. Director Beversdorf 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 stated that SWWC is working on the renewal of the Harris County Alarm Permit.

Mr. Gustafson stated that the District received a request from the Cypress Fairbanks Independent School District ("CFISD") for the District's consent to CFISD's entry onto a District Waterline Easement for the purpose of removing buried trees. He added that the Waterline Easement is located along the southern boundary of the Hamilton Middle School property. The Board concurred to have ABHR prepare an Agreement for Right of Entry and Removal of Buried Trees between the District and CFISD.

The Board requested that Mr. Gustafson send out a standard brochure from the NHCRWA on chloramine disinfection conversion with the January water bill. The Board also requested that Mr. Gustafson send out a brochure entitled "The Rising Cost of Water" from the NHCRWA with the February water bill.

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. He stated that he will research the accounts for Gretchen Jones and the Hunters Valley Homeowner Association. After review and discussion, and there being no one present to protest termination, Director Bernardini moved to terminate service to the customers, with the exception of Gretchen Jones and the Hunters Valley Homeowner Association, 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.

## REPORT ON DAMAGES TO DISTRICT FACILITIES

There was no discussion on this agenda item.

## EMERGENCY RESPONSE PLAN

Director Bernardini stated that he will present recommended changes to the District's plan at the next meeting.

## NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

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

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

Director White stated that he will attend the LFPAC meeting tomorrow.

## CONSTABLE SECURITY PATROL

The Board reviewed a report on the constable security patrol. Director Beversdorf stated that Lake Forest Municipal Utility District is interested in a possible cost sharing agreement for deputy services for next year.

DISTRICT INFORMATION KIT

Ms. Abudu-Davis distributed an updated Information Kit for the Board's review. The Board concurred to discuss the Information Kit at the next meeting.

FEBRUARY, 2010 MEETING DATE

The Board concurred to conduct the next regular meeting on February 22, 2010 at 11:00 a.m.

There being no further business to come before the Board, the meeting was adjourned.

---

Secretary, Board of Directors

(SEAL)

ACTION LIST

1. Director Beversdorf, the operator, and the engineer will work on the notice to customers regarding changing from free chlorine to chloramines and discuss at the next meeting.
2. The engineer will obtain a proposal to televise the sanitary sewer lines.
3. The engineer will finalize and circulate the SB361 Emergency Preparedness Plan to the Board for review prior to the February meeting.
4. ABHR will prepare an agreement for Right of Entry and removal of Buried Trees between the District and CFISD.
5. The operator will send a standard brochure on chloramine disinfection conversion to the District's customers with the January water bill.
6. The operator will send a brochure entitled "The Rising Cost of Water" to the District's customers with the February water bill.
7. Director Bernardini will present recommended changes to the District's Emergency Preparedness Plan at the next meeting.

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
bookkeeper's report.....	1
budget comparison.....	1
schedule of investments.....	1
tax assessor/collector's report.....	2
engineer's report.....	2
operator's report.....	3
termination list.....	4