

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 18

March 8, 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 8th day of March, 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.; Cliff Kavanaugh of First Southwest Company; 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 February 22, 2010, meeting. After review and discussion, Director Beversdorf moved to approve the minutes of the February 22, 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 Bernardini 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. Williams reviewed with the Board the tax assessor/collector's report, a copy of which is attached. She reported that 96.45% 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.

Director Murr noted that two fire hydrants located on Shady Creek Drive are painted a different color than fire hydrants located in the District. Director Murr requested that Ms. Williams determine if the properties located at 14619 and 14719 Shady Creek Drive are listed on the District's tax roll. Director Murr also requested that Mr. Gustafson determine if the fire hydrants located on Shady Creek Drive are within the District.

RESOLUTION CONCERNING TAX COLLECTION PROCEDURES

The Board considered adopting a Resolution Concerning Tax Collection Procedures. Ms. Abudu-Davis stated that the Property Tax Code establishes optional procedures relating to the collection of property taxes. She added that the collection procedures require official action by the governing body of the taxing unit prior to implementation. Ms. Abudu-Davis then reviewed the optional tax collection procedures: refraining from sending out tax bills that are less than \$15.00, allowing for the split payment of taxes, and allowing a discount for early payment of taxes. After review and discussion, Director Murr moved to adopt a Resolution Concerning Tax Collection Procedures reflecting that the Board of Directors rejects all of the optional procedures, that the provisions for tax collection procedures remains in effect for this and each subsequent tax year until the Board of Directors takes formal action to the contrary, and direct that the Resolution be filed appropriately and retained in the District's official records. Director Bernardini seconded the motion, which passed by unanimous vote.

RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

Ms. Abudu-Davis reviewed a Resolution Concerning Exemptions from Taxation. After review and discussion, Director Murr moved to adopt a Resolution Concerning Exemptions from Taxation, reflecting that the Board of Directors rejects a general residential homestead exemption, rejects any exemption of charitable organizations from ad valorem taxation, rejects any exemption of travel trailers from ad valorem taxation and grants a \$50,000 exemption for persons over 65 years of age and a \$100,000 exemption for disabled persons, and direct that the Resolution be filed appropriately and retained in the District's official records. Director Bernardini 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. He stated that the project is near completion with the exception of the final connection and miscellaneous items. Mr. Adam stated that the North Harris County Regional Water Authority ("NHCRWA") is working on the line installation and connection to the District's system. He added that once completed, the District's chloramine conversion project can be finalized.

Mr. Adam updated the Board on the televising of the District's sanitary sewer lines. He stated that a Notice to Proceed was issued to Source Point Solutions for televising the sanitary sewer lines.

Mr. Adam distributed and reviewed an updated preliminary analysis of water costs. After review and discussion, Director Beversdorf moved to approve the engineer's report. Director Bernardini seconded the motion, which passed by unanimous vote.

REIMBURSEMENT TO GREAT PINES LLP PURSUANT TO AGREEMENT FOR FINANCING OF FACILITIES

The Board discussed making a payment to Great Pines Partnership ("GPP") pursuant to the Agreement for Financing of Facilities (the "Agreement"). Ms. Abudu-Davis stated that the District is not obligated to make a reimbursement payment to GPP for 2010 because the project has not satisfied the performance requirements set forth in Section 8 of the Agreement. She 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. The Board discussed the increase in values on the District's tax roll due to the GPP development. After discussion, Director Beversdorf moved to approve payment for 2010 to GPP in the amount of \$20,000, 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 2011, it will review the status of the GPP project to determine whether GPP has satisfied the performance criteria outlined in the Agreement and whether the District is required to begin making the regular reimbursement payments called for in the Agreement.

OPERATION OF DISTRICT FACILITIES

Mr. Gustafson reviewed the operator's report with the Board, a copy of which is attached.

Mr. Gustafson stated that he will send out a brochure entitled "The Rising Cost of Water" from the NHCRWA with the March water bill. The Board requested that SWWC verify that a brochure on chloramine conversion has already been sent to the District's customers.

After review and discussion, Director Beversdorf moved to approve the operator's report. Director Bernardini 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 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. A copy of the termination list is attached.

ADOPT AMENDED RATE ORDER

Ms. Abudu-Davis reviewed an Amended Rate Order with the Board. She stated that the Rate Order has been amended to (1) clarify the water rates charged to public space users, and (2) provide that a user will be charged a return item fee of \$30.00 for any payment that is refused or returned by the processing financial institution. Following review and discussion, Director Bernardini moved to adopt the Amended Rate Order and direct that the Order be filed appropriately and retained in the District's official records. Director Beversdorf seconded the motion, which carried unanimously.

DISCUSS WATER CONSERVATION PROGRAM

The Board discussed the District's participation in the Water Smart Program. After discussion, Director Beversdorf moved to approve the District's participation in the Water Smart Program and authorize Director Murr to prepare the District's application for the Water Smart Program. Director Bernardini seconded the motion, which passed by unanimous vote.

APPROVE ANNUAL REPORT ON IMPLEMENTATION OF WATER CONSERVATION PLAN

Mr. Gustafson reviewed the Annual Report on the District's Water Conservation Plan. Ms. Abudu-Davis stated that ABHR will file the report with the NHCRWA. After review and discussion, Director Beversdorf moved to approve the Annual Report on the District's Water Conservation Plan and direct that the Report be filed appropriately and retained in the District's official records. Director Bernardini seconded the motion, which passed unanimously.

AGREEMENT FOR RIGHT OF ENTRY AND REMOVAL OF BURIED TREES BETWEEN DISTRICT AND CYPRESS FAIRBANKS INDEPENDENT SCHOOL DISTRICT

Ms. Abudu-Davis stated that the Cypress Fairbanks Independent School District ("CFISD") has retracted its request for the District's consent to CFISD's entry onto a District Waterline Easement for the purpose of removing buried trees. She added that CFISD has determined that the trees are not located in the District.

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 was submitted to the Texas Commission on Environmental Quality ("TCEQ"), in compliance with Senate Bill 361 and the new TCEQ rules.

Director Bernardini discussed the District's internal Emergency Operations Plan.

NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

Director Murr reported on activities of the NHCRWA.

LAKE FOREST PLANT ADVISORY COUNCIL ("LFPAC")

Director White stated that the meeting of the LFPAC is scheduled for March 9, 2010.

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.

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.
2. The operator and tax assessor/collector will obtain information in connection with the fire hydrants located on Shady Creek Drive.
3. The operator will send a brochure entitled "The Rising Cost of Water" to the District's customers with the March water bill and verify that a brochure on chloramine conversion was sent to customers.
4. ABHR will file the Annual Report on the Water Conservation Plan with the NHCRWA.

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	3
operator's report.....	4
termination list	4