

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 18

April 12, 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 12th day of April, 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. ("SWWC"); Mark Adam of AEI Engineering, Inc.; Wendy Austin of District Data Services, Inc.; Alan Sandersen of Sandersen Knox & Co., PLLC; Cliff Kavanaugh of First Southwest Company; and Katie Dorfman 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 March 8, 2010, meeting. After review and discussion, Director Beversdorf moved to approve the minutes of the March 8, 2010, meeting. Director Murr seconded the motion, which passed by unanimous vote.

APPROVE FINANCIAL ADVISORY CONTRACT WITH FIRST SOUTHWEST COMPANY

Mr. Kavanaugh reviewed a Financial Advisory Contract between the District and First Southwest Company for financial advisory services. After review and discussion, Director Murr moved to approve the Financial Advisory Contract with First Southwest Company and direct that the Contract be filed appropriately and retained in the District's official records. Director Beversdorf seconded the motion, which passed unanimously.

APPROVE AUDIT

Mr. Sandersen reviewed the District's audit for the 2009 fiscal year. Following review and discussion, Director Beversdorf moved to approve the audit subject to final comments by Board members and consultants, authorize the President's execution of the Texas Commission on Environmental Quality Annual Filing Affidavit, authorize the filing of the audit with the Texas Commission on Environmental Quality, and direct that the audit be filed appropriately and retained in the District's official records. Director Murr seconded the motion, which was approved by unanimous vote.

UPDATE ON WEBSITE AND AUTHORIZE WEBSITE POSTING OF ENERGY ANALYSIS FOR ELECTRICITY USAGE

The Board discussed updates to the website. Director Bernardini stated that he will post the current Rate Order on the website. After discussion, the Board authorized Director Bernardini to post the energy analysis for electricity usage on the District's website.

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.

CONDUCT ANNUAL REVIEW OF INVESTMENT POLICY

The Board then conducted an annual review of the District's Investment Policy. After review and discussion, Director Beversdorf moved to adopt a Resolution Regarding Annual Review of the Investment Policy reflecting that the current policy will remain in effect and direct that the Resolution be filed appropriately and retained in the District's official records. Director Bernardini seconded the motion, which carried by unanimous vote.

REVIEW, REVISE, AND ADOPT RESOLUTION ESTABLISHING THE AUTHORIZED DEPOSITORY INSTITUTIONS AND ADOPTING LIST OF QUALIFIED BROKER/DEALERS WITH WHOM THE DISTRICT MAY ENGAGE IN INVESTMENT TRANSACTIONS

Ms. Dorfman reviewed the District's Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions. After review and discussion, Director Murr moved to adopt a Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in

Investment Transactions and direct that the Resolution be filed appropriately and retained in the District's official records. 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 97.24% of the 2009 taxes have been collected to date. After review and discussion, Director Bernardini moved to approve the tax assessor/collector's report and payment of the tax bills. Director Beversdorf 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 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 reviewed and recommended approval of Pay Estimate No. 6 in the amount of \$19,102.50 to the R&B Group, Inc. contract for the 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. 6 in the amount of \$19,102.50 to the R&B Group, Inc. contract. Director Bernardini seconded the motion, which passed unanimously. Mr. Adam stated that the North Harris County Regional Water Authority ("NHCRWA") has completed the line installation and connection to the District's system. He added that the NHCRWA has not informed him of the date the District will receive surface water.

Mr. Adam discussed the annual review and well production tests for the Malcomson Road water plant and Oak Bluff water plant.

The Board discussed the creation of punchlists for repair and maintenance projects at both water plants. The Board concurred to conduct a special meeting to tour the water plants with the operator and engineer commencing at the Oak Bluff Drive water plant, 12006 Oak Bluff Drive, on April 20, 2010, at 11:00 a.m.

Mr. Adam stated that the District received an inquiry from Mr. Mussa regarding out-of-district water and sewer service for a proposed office park complex located on the south side of Louetta Road. After discussion, the Board concurred that it was not in the District's best interests to provide out-of-district service to the proposed commercial development located outside of the District.

Mr. Adam updated the Board on the televising of the District's sanitary sewer lines. He stated that Source Point Solutions will begin televising the sanitary sewer lines later this month.

After review and discussion, Director Beversdorf moved to approve the engineer's report. Director Bernardini 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.

Mr. Gustafson stated that he submitted the District's information to the NHCRWA in connection with the aggregated water well permit.

Mr. Gustafson stated that he will check on an unusually high water bill for 15102 Long Oak.

The Board requested that Mr. Gustafson send out a brochure entitled "The Rising Cost of Water" from the NHCRWA and a brochure on chloramine conversion 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.

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 a draft of the Consumer Confidence Report with the Board. The Board tabled action on this agenda item.

CONDUCT ANNUAL REVIEW AND RECEIVE REPORT FROM OPERATOR ON
IDENTITY THEFT PREVENTION PROGRAM AND ADOPT IDENTITY THEFT
PREVENTION PROGRAM AMENDMENT

Ms. Dorfman stated that the District's Identity Theft Prevention Program (the "Program") requires SWWC to provide an annual written report evaluating the effectiveness of the Program, significant instances of identity theft detection and any recommendations regarding changes to the Program. Mr. Gustafson distributed and reviewed a report on the District's Program. He stated that the report indicates no significant incidents of identity theft detection and recommends no changes to the Program. The Board concurred that it was not necessary to adopt a Program amendment. After review and discussion, Director Beversdorf moved to approve the annual report on the Program and direct that the report be filed appropriately and retained in the District's official records. Director Bernardini seconded the motion, which passed by unanimous vote.

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 is pending at the Texas Commission on Environmental Quality.

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.

ACCEPT CERTIFICATE DECLARING UNOPPOSED STATUS OF CANDIDATES FOR
ELECTION TO THE BOARD OF DIRECTORS AND ADOPT ORDER DECLARING
UNOPPOSED CANDIDATES ELECTED TO OFFICE

Ms. Dorfman reviewed a Certificate Declaring Unopposed Status of Candidates for Election to the Board of Directors reflecting that, as of March 15, 2010, one candidate application and no write-in candidate applications were received in connection with the two director positions to be placed on the ballot for the May 8, 2010 directors election.

Ms. Dorfman then reviewed an Order Declaring Unopposed Candidates Elected to Office with the Board. She stated that the Order reflects that (1) the Secretary of the Board has certified that the District received only one candidate application and no write-in applications in connection with the two director positions to be placed on the ballot for the May 8, 2010 directors election; (2) pursuant to Section 2.053 of Subchapter C of the Texas Election Code, the District may declare each unopposed candidate for director elected to office in lieu of holding the May 8, 2010 directors election; and (3) Michael Murr is hereby elected to office to serve from May 8, 2010 until May 10, 2014. Following review and discussion, Director Beversdorf moved to accept the Certificate Declaring Unopposed Status of Candidates for Election to the Board of Directors and adopt the Order Declaring Unopposed Candidates Elected to Office and direct that the Certificate and Order be filed appropriately and retained in the District's official records. Director Bernardini seconded the motion, which passed by unanimous vote.

ADOPT ORDER OF CANCELLATION

Ms. Dorfman reviewed an Order of Cancellation reflecting that the May 8, 2010 election is cancelled because the Board declared each unopposed candidate for director elected to office in lieu of holding the election. After review and discussion, Director Beversdorf moved to approve the Order of Cancellation, to authorize posting of the Order of Cancellation, and to direct that the Order be filed appropriately and retained in the District's official records. Director Bernardini seconded the motion which carried unanimously.

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. Director Bernardini will post the energy analysis and the current Rate Order on the District's website.
4. The operator will send a brochure entitled "The Rising Cost of Water" and a brochure on chloramine conversion to District customers.

LIST OF ATTACHMENTS TO MINUTES

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