

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 18

July 10, 2017

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 July, 2017, at the offices of Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2400, Houston, Texas, outside the boundaries of the District, and the roll was called of the members of the Board:

Arved White	President
Robert A. Bernardini	Vice President
Michael L. Murr	Secretary
Karl Skarboszewski	Assistant Vice President
Vally Swann	Assistant Secretary

and all of the above were present, except Directors White and Swann, thus constituting a quorum.

Also present at the meeting were Alan Sandersen of Sandersen and Scheffer PLLC ("Sandersen"); Stephanie Viator of District Data Services, Inc. ("DDS"); Yvonne Luevano of Wheeler & Associates, Inc. ("Wheeler"); Nancy Blackwell of AEI Engineering, Inc. ("AEI"); Chris Oliver of Eagle Water Management, Inc. ("Eagle"); and Adisa Harrington and Rebecca Hudman 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 June 12, 2017, regular meeting. After review and discussion, Director Skarboszewski moved to approve the minutes of the June 12, 2017, regular meeting. Director Murr seconded the motion, which passed unanimously.

DISCUSS ASSOCIATION OF WATER BOARD DIRECTORS ("AWBD") SUMMER CONFERENCE, APPROVE REIMBURSEMENT OF ELIGIBLE EXPENSES, AND AUTHORIZE ATTENDANCE AT WINTER CONFERENCE

The Board discussed the AWBD summer conference held in Corpus Christi. Ms. Viator stated the expenses submitted were in accordance with the District's Travel Reimbursement Guidelines. After review and discussion, Director Bernardini moved to (1) approve reimbursement of eligible expenses for the summer conference, which were

submitted in accordance with the District's Travel Reimbursement Guidelines; and (2) authorize interested directors to attend the AWBD winter conference. Director Murr seconded the motion, which carried by unanimous vote.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Viator reviewed the bookkeeper's report, including the updated travel reimbursement report, energy consumption report, and budget comparison, and presented the District's bills for payment. A copy of the bookkeeper's report is attached. Following review and discussion, Director Bernardini moved to approve the bookkeeper's report and payment of the bills. Director Murr seconded the motion, which passed unanimously.

AUDIT MATTERS

Mr. Sandersen reviewed the District's updated draft audit for fiscal year end December 31, 2016. The Board expressed concerns about the audit not being completed on time and about previous drafts that needed substantial revisions. Ms. Harrington noted that most of ABHR's and Director Swann's previously submitted revisions still are not reflected in the current draft audit. Discussion ensued regarding comments submitted to prior drafts of the audit, future comments to the current draft, and concerns with quality of the current draft audit. The Board requested that an updated draft incorporating all pending revisions be provided by Mr. Sandersen as soon as possible. The Board concurred to review the updated draft audit before its submission to the Texas Commission on Environmental Quality.

UPDATE ON SALES TAX MONITORING REPORT FROM SALES REVENUE INC.

There was no update on this matter.

TAX ASSESSMENT AND COLLECTIONS MATTERS

Ms. Luevano reviewed the tax assessor/collector's report and the delinquent tax roll, copies of which are attached. She reported that 98.31% of the 2016 taxes had been collected as of June 30, 2017. Discussion ensued regarding the draft audit for fiscal year end December 31, 2016, and the accuracy of the tax adjustments reflected in the draft audit. The Board requested that Ms. Luevano review the tax information in the draft audit for accuracy and report back to ABHR with her comments.

Following review and discussion, Director Skarboszewski 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

Ms. Blackwell reviewed the engineer's report, a copy of which is attached.

Ms. Blackwell gave an update on the Grant Road widening project.

Ms. Blackwell gave an update on Lake Forest Plant Advisory Council activities and reviewed the Plant engineer's report, a copy of which is attached to the engineer's report.

Ms. Blackwell reviewed a revised summary of current and anticipated future capital projects, a copy of which is attached to the engineer's report.

Ms. Blackwell updated the Board on the maintenance and operational improvements recommended by AEI for the Hidden Falls storm drainage/detention pond system. She reviewed the updated summary of recommended operational improvements for the system, a copy of which is attached to the engineer's report. Ms. Blackwell reported that construction of the Hidden Falls Detention Pond rehabilitation/modification project will begin in the next week. She stated that the previously approved Temporary Access Agreement with CenterPoint Energy is ready for Board execution.

Ms. Blackwell discussed the rehabilitation of the hydropneumatic tank at the Malcomson Road water plant and stated that bids for the work will be solicited and presented in the fall.

Ms. Blackwell updated the Board on AEI's updated water and sewer rate analysis, noting that the analysis will be ready for Board review at the August meeting.

Ms. Harrington discussed a letter received from the attorney for the Lake Forest Plant Advisory Council requesting a one-year extension of the Construction and Operation of Regional Wastewater Treatment Facilities Agreement ("Agreement").

After review and discussion, and based upon the engineer's recommendations, Director Bernardini moved to (1) approve the engineer's report; and (2) approve a one-year extension of the Agreement. Director Murr seconded the motion, which passed by unanimous vote.

MAINTENANCE AND DEVELOPMENT OF PROPOSED PARK TRACT

No update was given on this matter.

EMERGENCY RESPONSE PLANS

There was no discussion on this matter.

OPERATION OF DISTRICT FACILITIES AND HEARING ON TERMINATION OF WATER AND SEWER SERVICE

Mr. Oliver presented the operator's report, a copy of which is attached, and reported on maintenance work in the District. He stated that the District's water accountability for the previous month was 95.1%.

The Board discussed the District's Water Conservation Program, including information to be added to the District's water bill. Mr. Oliver stated he will contact the North Harris County Regional Water Authority for information on water conservation that can be distributed to District residents in connection with the Water Smart Program.

Mr. Oliver discussed water line flushing in the District.

Mr. Oliver presented a list of delinquent customers and reported the residents on the termination list were delinquent in payment of their water and sewer bills and were given written notification, in accordance with the District's Rate Order, prior to the meeting of the opportunity to appear before the Board of Directors to explain, contest, or correct their bills and to show why utility services should not be terminated for reason of non-payment.

After review and discussion, Director Skarboszewski moved to (1) accept the operator's report; and (2) terminate service to the customers on the termination list in accordance with the District's Rate Order because no customers were either present at the meeting or had presented any written statement on the matter. Director Bernardini seconded the motion, which carried unanimously.

SALE OF SERIES B GROUNDWATER CREDITS

Ms. Harrington stated that there have been no requests to purchase the District's Series B groundwater credits.

APPROVE INTERLOCAL AGREEMENT WITH HARRIS-GALVESTON SUBSIDENCE DISTRICT FOR WATER WISE PROGRAM

The Board discussed eligibility requirements for the District's participation in the Water Smart Program and concurred to not move forward with approving an Interlocal Agreement with Harris-Galveston Subsidence District for Water Wise Program because there are no schools in the District that participate in the program. Discussion ensued and the Board concurred to have AEI and Eagle assist in preparing a water conservation presentation.

NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY ("NHCRWA")

Director Murr reported on NHCRWA matters.

LAKE FOREST PLANT ADVISORY COUNCIL ("LFPAC")

Director Skarboszewski updated the Board on LFPAC matters.

CONSTABLE SECURITY PATROL MATTERS

Director Bernardini discussed security matters in the District. A copy of the security report is attached.

WEBSITE MATTERS

Director Bernardini gave an update on the District's website, including a design and maintenance proposal. The Board concurred to review the proposal and discuss the matter at the next Board meeting.

REPORT REGARDING LEGISLATIVE MATTERS

Ms. Harrington presented a report prepared by ABHR regarding legislative matters pertaining to the 85th Regular Session of the Texas Legislature, a copy of which is attached.

TAX ASSESSMENT AND COLLECTIONS MATTERS (CONT.)

Ms. Harrington reviewed information provided by the tax assessor/collector regarding money owed to the District for unclaimed property in the amount of \$707.20. Following discussion, the Board authorized ABHR to draft a letter to the Comptroller of Public Accounts to claim the \$707.20

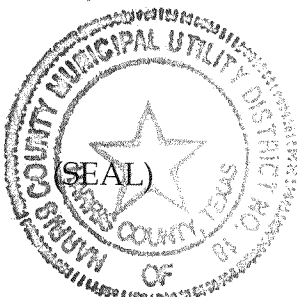
FINANCIAL AND BOOKKEEPING MATTERS (CONT.)


Ms. Harrington reported that the bookkeeper has received the check from the Hidden Falls resident to cover the District's cost to prepare and record a consent to encroachment requested by the resident.

REVIEW ACTION LIST

The Board reviewed the action list.

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





Secretary, Board of Directors

ACTION LIST

New Items:

1. Ms. Luevano will review the tax information in the draft audit for accuracy and report back to ABHR with her comments.
2. Ms. Blackwell will present the updated water and sewer analysis at the August meeting.

Pending Items:

1. Mr. Fortner will report back to the Board regarding the State's review of certain businesses in the District to confirm that the businesses are properly charging sales tax, once the issue is resolved.
2. Director Murr and AEI will follow-up with CenterPoint Energy regarding drainage options for the eight-acre park tract once the Hidden Falls Detention Pond rehabilitation/modification project is complete.
3. Ms. Blackwell and Director Murr will follow up with Harris County to confirm whether the staging area for the Grant Road widening project can remain in place and be used for future parking for the proposed District park once the Grant Road widening project is complete.
4. AEI will solicit bids for the hydropneumatic tank recoating project at the Malcomson Road water plant in early fall and schedule the work for the winter period.
5. AEI and Eagle will provide printed materials to assist the Board in preparing a water conservation presentation.

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