

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 18

September 19, 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 19th day of September, 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:

Vacant	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, thus constituting a quorum.

Also present at the meeting were: Brian Toldan of McCall Gibson Swedlund Barfoot PLLC ("MGSB"); Stephanie Viator of District Data Services, Inc. ("DDS"); Yvonne Luevano of Wheeler & Associates, Inc. ("Wheeler"); Nancy Blackwell and Matthew Kelley 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 August 14, 2017, regular meeting. After review and discussion, Director Skarboszewski moved to approve the minutes of the August 14, 2017, regular meeting. Director Swann seconded the motion, which passed unanimously.

APPROVE AUDIT FOR FISCAL YEAR END DECEMBER 31, 2016

Mr. Toldan presented and reviewed the District's draft audit for the fiscal year ended December 31, 2016. After review and discussion, Director Bernardini moved to approve the audit, subject to final review. Director Skarboszewski seconded the motion, which passed unanimously.

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. In response to an inquiry from the Board, Ms. Viator stated she will confirm whether the check to Clover Sites, Inc. is for prospective website management services, in which event she will void the check since the District has terminated its website contract with Clover effective October 4, 2017. Following review and discussion, Director Skarboszewski moved to approve the bookkeeper's report and payment of the bills. Director Bernardini seconded the motion, which passed unanimously.

AUTHORIZE BOOKKEEPER TO SEND INVOICE TO JECOBIAN AND RACHEL RICHARDSON FOR ANNUAL FEE PURSUANT TO THE OUT-OF-DISTRICT SERVICE AGREEMENT

The Board discussed the annual fee pursuant to the Out-of-District Service Agreement. Following review and discussion, Director Bernardini moved to authorize the bookkeeper to send an invoice to Jacobian and Rachel Richardson for the annual fee pursuant to the Out-of-District Service Agreement. Director Skarboszewski seconded the motion, which passed unanimously.

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 98.44% of the 2016 taxes had been collected as of August 31, 2017. Following review and discussion, Director Skarboszewski moved to approve the tax assessor/collector's report and payment of the tax bills. Director Murr seconded the motion, which carried unanimously.

DISCUSS 2017 TAX RATE, SET PUBLIC HEARING DATE, AND AUTHORIZE NOTICE OF PUBLIC HEARING REGARDING ADOPTION OF TAX RATE

Ms. Harrington distributed and reviewed the District's 2017 tax rate analysis prepared by the District's financial advisor, FirstSouthwest, a division of Hilltop Securities, a copy of which is attached. Discussion ensued regarding current and future District projects and the 2017 and 2018 budgets. Following review and discussion, Director Bernardini moved to (1) set a proposed 2017 tax rate of \$0.36 per \$100 of assessed valuation to provide for maintenance and operations; (2) set a public hearing for October 18, 2017, at 4:00 p.m. at Director Murr's office; and (3) authorize the tax assessor/collector to publish notice of the public hearing. Director Skarboszewski seconded the motion, which passed unanimously.

HURRICANE HARVEY MATTERS

The Board discussed Hurricane Harvey matters. Mr. Oliver reported that the well motor at the Oak Bluff water plant was damaged by heavy rain during the hurricane and that an insurance claim has been filed. The Board concurred to further discuss the matter under the operator's report. Director Skarboszewski reported approximately 20 to 30 homes flooded in the Heatherwood Village subdivision of the District.

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. She reported on damage sustained by the regional plant during the hurricane and stated she will provide additional information at the next Board meeting once the extent of the damage has been fully assessed.

Ms. Blackwell reviewed a revised summary of current and anticipated future capital projects, a copy of which is attached to the engineer's report. Discussion ensued regarding rehabilitation of manholes in the District.

Ms. Blackwell updated the Board on the construction of the Hidden Falls Detention Pond rehabilitation/modification project. She presented and recommended approval of Pay Estimate No. 2 in the amount of \$78,994.80, payable to R. Miranda Trucking and Construction, LLC, for grading, dewatering, and traffic control of the Hidden Falls Detention Pond rehabilitation/modification project. A copy of Pay Estimate No. 2 is attached to the engineer's report. The Board requested notification of the date of the final inspection of the project so that Directors may attend.

Discussion ensued regarding amenity features at the Hidden Falls Detention Pond and the waterfall that needs to be extended to tie into the lowered water level in the pond, which is a developer/HOA project. Director Murr requested that Ms. Blackwell prepare a summary of District projects and expenses relating to the pond.

Ms. Blackwell updated the Board on the rehabilitation of the hydropneumatic tank at the Malcomson Road water plant and stated that bids for the work will be solicited and presented at the October 2017 Board meeting.

Ms. Blackwell reported that the evaluation of the 15,000-gallon hydropneumatic tank at the Oak Bluff water plant is underway and stated a summary and recommendations will be presented once the evaluation is complete.

Ms. Blackwell stated that the ground storage tanks at the Malcomson Road and Oak Bluff water plants are due for full evaluations in October 2017 and requested Board authorization to conduct the evaluations.

Ms. Blackwell updated the Board on the 2016 Water and Sewer Rate Analysis, noting that rate adjustment scenarios will be presented at the October 2017 meeting.

Ms. Blackwell discussed AEI's review of plans for Hamilton Elementary for installation of a new fire sprinkler system, noting that a new tap will be required in order for the fire sprinkler system to tie into the District's water system.

After review and discussion, and based upon the engineer's recommendations, Director Bernardini moved to (1) approve the engineer's report; (2) approve Pay Estimate No. 2 in the amount of \$78,994.80, payable to R. Miranda Trucking and Construction, LLC, for mobilization, dewatering, and traffic control of the Hidden Falls Detention Pond rehabilitation/modification project; and (3) authorize AEI to conduct full tank evaluations of the ground storage tanks at the Oak Bluff and Malcomson Road water plants. Director Skarboszewski 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 95.3%.

Mr. Oliver discussed termination of utility service for delinquent accounts. He recommended the Board waive late fees and not terminate utility service for delinquent accounts this month.

Mr. Oliver reported on the damaged well motor at the Oak Bluff water plant. He stated that it would take several weeks to rebuild the motor at a cost of \$16,000 plus the additional cost to rent a temporary motor, whereas replacing the motor would cost \$24,400 but take only a week. Discussion ensued regarding District insurance and repair versus replacement of the well motor, and the Board concurred to replace the well motor instead of rebuilding it.

After review and discussion, Director Skarboszewski moved to (1) accept the operator's report; (2) waive penalties and late fees and not to terminate utility service for delinquent accounts this month; and (3) authorize Eagle to replace the well motor at the Oak Bluff water plant at a cost not to exceed \$25,000. Director Murr seconded the motion, which carried unanimously.

APPROVE PARTICIPATION IN WATER SMART PROGRAM AND AUTHORIZE EXECUTION OF WATER SMART APPLICATION

The Board considered participating in the Water Smart Program. After discussion, Director Murr moved to approve the District's participation in the Water Smart Program and authorize execution and submittal of the Water Smart Program application once it is finalized. Director Swann seconded the motion, which carried unanimously.

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, including hurricane-related impacts to the regional plant.

Director Murr left the Board meeting.

CONSTABLE SECURITY PATROL MATTERS

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

SALE OF SERIES B GROUNDWATER CREDITS

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

WEBSITE MATTERS, INCLUDING RE-APPROVE SERVICE AGREEMENT WITH OFF CINCO FOR WEBSITE DESIGN AND MANAGEMENT

The Board reviewed the website proposal by Off Cinco, including the layout design and maintenance options. After review and discussion, Director Swann moved to approve a Service Agreement with Off Cinco with standard layout pricing in the amount of \$1,400 and monthly maintenance in the amount of \$350. Director Skarboszewski seconded the motion, which passed by unanimous vote.

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. Viator will confirm whether the check to Clover should be voided.
2. The bookkeeper will send an invoice to Jacobian and Rachel Richardson for the annual fee pursuant to the Out-of-District Service Agreement.
3. Ms. Blackwell will provide additional information at the next Board meeting regarding hurricane-related damage to the Lake Forest regional plant.
4. Ms. Blackwell will notify directors of the date of the final inspection of the Hidden Falls Detention Pond rehabilitation/modification project.
5. Ms. Blackwell will present the inspection report for the Oak Bluff hydropneumatic tank at the next Board meeting.
6. Ms. Blackwell prepare a summary of District projects and expenses relating to the Hidden Falls Detention Pond.

Pending Items:

1. Sergeant Curry will attend the October Board meeting to discuss security.
2. 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, at the November or December Board meeting.
3. 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.
4. 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.
5. AEI will present bids for the hydropneumatic tank recoating project at the Malcomson Road water plant at the October meeting and schedule the work for the winter period.
6. Ms. Blackwell will present the updated water and sewer analysis and Board will consider amending the District's Rate Order at the October meeting

LIST OF ATTACHMENTS TO MINUTES

	<u>Page</u>
Website proposal.....	5
Bookkeeper's report.....	2
Tax assessor/collector's report	2
Delinquent tax roll	2
Engineer's report.....	3
2016 Water and Sewer Rate Analysis.....	4
Operator's report.....	4
Security report	5