

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 18

November 13, 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 13th day of November, 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: Charlie Kennedy, a resident of the District; Sergeant Wayne Curry of the Harris County Precinct 4 Constable's Office; Stephanie Viator of District Data Services, Inc. ("DDS"); Yvonne Luevano and Miranda Burks 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

Director Bernardini introduced Mr. Kennedy to the Board.

MINUTES

The Board considered approving the minutes of the October 9, 2017, regular meeting and October 18, 2017, special meeting. After review and discussion, Director Bernardini moved to approve the minutes of the October 9, 2017, regular meeting and October 18, 2017, special meeting. Director Swann seconded the motion, which passed unanimously.

MONTHLY MEETING LOCATION AND TIME

The Board discussed changing the regular Board meeting location from ABHR to AEI. After review and discussion, Director Bernardini moved to change the regular Board meeting location and time to AEI at 6 p.m., beginning January 8, 2018. Director Swann seconded the motion, which passed unanimously.

ADOPT RESOLUTION CHANGING DISTRICT OFFICE

The Board next considered adopting the Resolution Changing District Office for the purposes of receiving bids reflecting the address of AEI. After discussion, Director Skarboszewski moved to adopt the Resolution Changing District Office. Director Bernardini seconded the motion, which was approved 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. Discussion ensued regarding budgeted versus actual billing by Eagle and the Board requested that the bookkeeper review the matter and report back to the Board. 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.

BUDGET FOR FISCAL YEAR END DECEMBER 31, 2018

Ms. Viator discussed the budget for fiscal year end December 31, 2018. The Board concurred to adopt the budget for fiscal year end December 31, 2018, until the December Board meeting.

RESOLUTION REGARDING ANNUAL REVIEW OF INVESTMENT POLICY AND ADOPTION OF AMENDED INVESTMENT POLICY

The Board concurred to discuss this matter at the next Board meeting.

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 none of the 2017 taxes had been collected as of October 31, 2017. Following review and discussion, Director Bernardini moved to approve the tax assessor/collector's report and payment of the tax bills. Director Swann seconded the motion, which carried unanimously.

RESOLUTION CASTING BALLOT FOR THE ELECTION OF A PERSON TO THE BOARD OF DIRECTORS OF THE HARRIS COUNTY APPRAISAL DISTRICT

Ms. Harrington reviewed a Resolution Casting Ballot for the Election of a Person to the Board of Directors of the Harris County Appraisal District. After review and discussion, Director Skarboszewski moved to cast the District's votes for Glenn Peters and adopt the Resolution Casting Ballot for the Election of a Person to the Board of Directors of the Harris County Appraisal District and direct that the Resolution be filed

appropriately and retained in the District's official records. 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 construction of the Hidden Falls Detention Pond rehabilitation/modification project. She presented and recommended approval of Pay Estimate No. 3 in the amount of \$16,725.96, payable to R. Miranda Trucking and Construction, LLC, for dewatering, riprap installation and partial pond restoration for the Hidden Falls Detention Pond rehabilitation/modification project. A copy of Pay Estimate No. 3 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.

Ms. Harrington updated the Board 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. She reported that the developer has committed to finish the amenity features as soon as possible, including the waterfall extension. Ms. Blackwell confirmed that the pond rehabilitation project had no impact on the structural integrity of the waterfall or the area around the waterfall. Discussion ensued regarding aesthetics at the Hidden Falls Detention Pond and erosion prevention measures needed in connection with extending the existing waterfall. The Board directed AEI to review and approve the plan for the waterfall extension, including any erosion prevention measures, proposed by the developer prior to the developer carrying out any such work to insure that there is no impact on the structural integrity of the waterfall or surrounding area.

Ms. Blackwell updated the Board on the rehabilitation of the 20,000-gallon hydropneumatic tank at the Malcomson Road water plant and stated that a pre-construction meeting was conducted on November 7, 2017.

Ms. Blackwell distributed and reviewed the full evaluations of the ground storage tanks at the Malcomson Road and Oak Bluff water plants, copies of which are attached. The Board discussed aesthetics at the Malcomson Road water plant and considered authorizing Eagle to move forward with the recommended repairs.

Ms. Blackwell updated the Board on the emergency generator at the Oak Bluff water plant and stated that the one-year warranty was conducted on November 9, 2017, and the contractor is addressing a minor deficiency.

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. 3 in the amount of \$16,725.96, payable to R. Miranda Trucking and Construction, LLC, for dewatering, riprap installation and partial pond restoration for the Hidden Falls Detention Pond rehabilitation/modification project; and (3) authorize AEI to complete recommended repairs at the Malcomson Road water plant. Director Skarboszewski seconded the motion, which passed by unanimous vote.

MAINTENANCE AND DEVELOPMENT OF PROPOSED PARK TRACT

No update was given on this matter.

ALARM PERMIT WITH HARRIS COUNTY

Mr. Oliver reported that Eagle will renew the District's annual Alarm Permit with Harris County for the Malcomson Road and Oak Bluff water plants. Discussion ensued regarding false alarms at the water plants and invoices received from the Harris County Alarm Detail for same, and the Board concurred to discuss the matter further with the District's security company at the next Board meeting.

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 95.2%.

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

HEARING ON TERMINATION OF WATER AND SEWER SERVICE

The Board conducted a hearing on the termination of utility service. Mr. Oliver reported that the residents on the termination list provided to the Board were mailed written notice prior to the meeting in accordance with the District's Rate Order,

notifying them of the opportunity to appear before the Board to explain, contest, or correct the utility service bill, and to show reason why utility service should not be terminated for reason of nonpayment. Director Bernardini moved that since the residents on the termination list were neither present at the meeting nor had presented any statement on the matter, utility service should be terminated in accordance with the procedures set forth in the District's Rate Order. Director Murr seconded the motion, which carried unanimously.

CONDUCT TESTS ON WATER WELLS

Mr. Oliver reported that Eagle has conducted the necessary tests on water wells.

SALE OF SERIES B GROUNDWATER CREDITS

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

NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY ("NHCRWA")

No update was given on this matter.

LAKE FOREST PLANT ADVISORY COUNCIL ("LFPAC")

Director Skarboszewski updated the Board on LFPAC matters, including the LFPAC budget. Following review and discussion, Director Bernardini moved to approve the LFPAC budget. Director Skarboszewski seconded the motion, which passed unanimously.

WEBSITE MATTERS, INCLUDING UPDATE ON DESIGN AND IMPLEMENTATION OF NEW WEBSITE

The Board reviewed the new website design and current content.

DIRECTOR APPOINTMENT PROCESS

There was no discussion on this item.

OPERATION OF DISTRICT FACILITIES (CONT.)

Director Murr discussed the upcoming water conservation presentation to be given to Hamilton Elementary School students.

REVIEW ACTION LIST

The Board reviewed the action list.

CONSTABLE SECURITY PATROL MATTERS

Sergeant Curry discussed security matters in the District, including a quarterly report. A copy of the security report is attached.

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



Secretary, Board of Directors



ACTION LIST

New Items:

1. The bookkeeper will review budgeted versus actual billing by Eagle and report back to the Board.
2. McCann Security will attend the next Board meeting to discuss false alarm issues with the District's security equipment.

Pending Items:

1. The Board will review the Water and Sewer Rate Analysis at the February 2018 Board meeting.
2. Eagle will make the recommended repairs to the Oak Bluff water plant hydropneumatic tank.
3. Mr. Oliver will obtain copies of the new NHCRWA water bill insert for review and consideration by the Board.
4. Ms. Blackwell will notify directors of the date of the final inspection of the Hidden Falls Detention Pond rehabilitation/modification project.
5. Mr. Fortner will report back to the Board at the December Board meeting regarding the State's review of certain businesses in the District to confirm that the businesses are properly charging sales tax.
6. 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.
7. 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.
8. Ms. Blackwell will present the updated water and sewer analysis and Board will consider amending the District's Rate Order at the February 2018 meeting

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