

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 18

December 11, 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 11th day of December, 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 Donna Hatch of McCann Investigations ("McCann"); Sergeant Wayne Curry of the Harris County Precinct 4 Constable's Office; Wendy Austin of District Data Services, Inc. ("DDS"); Yvonne Luevano and Miranda Burks 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 November 13, 2017, regular meeting. After review and discussion, Director Bernardini moved to approve the minutes of the November 13, 2017, regular meeting. Director Skarboszewski seconded the motion, which passed unanimously.

DISCUSS MAINTENANCE AND ALARM MONITORING FOR WATER PLANTS

Ms. Hatch reviewed the maintenance and alarm monitoring at the water plants. Discussion ensued regarding recent false alarms at the water plants. The Board requested that McCann contact the District's operator whenever the alarm system is triggered and that McCann review the alarm settings at the plants. The Board further requested that McCann provide a quarterly alarm system report to ABHR for distribution to the Board and applicable consultants.

AUTHORIZE AUDITOR TO CONDUCT AUDIT FOR FISCAL YEAR END DECEMBER 31, 2017

The Board considered authorizing McCall Gibson Swedlund Barfoot PLLC ("McCall Gibson") to conduct the District's annual audit for fiscal year end December 31, 2017. Ms. Harrington informed the Board that McCall Gibson is estimating a \$10,000-\$11,000 fee for preparing the audit for the fiscal year ending December 31, 2017. Following review and discussion, Director Skarboszewski moved to authorize McCall Gibson to conduct the annual audit for fiscal year end December 31, 2017. Director Murr seconded the motion, which was approved by unanimous vote.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Austin 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. Director Bernardini directed DDS to send the updated energy report to the District's website coordinator for posting on the District website. A copy of the bookkeeper's report is attached.

Ms. Austin next reviewed the budget for fiscal year end December 31, 2018. A copy of the budget is attached to the bookkeeper's report. Ms. Harrington noted that there may be an increase in legal fees due to travel time associated with the change in meeting location, beginning with the January 8, 2018, meeting. Ms. Blackwell noted that there will be a decrease in engineer travel time due to future meetings being held at AEI's office. Discussion ensued and the Board concurred not to make any adjustments to consultant fees in the budget at this time. Ms. Blackwell reported that a significant water line repair will be discussed under the engineer's report, so the Board concurred to table action on adopting the budget until after the engineer's report.

The Board then discussed the Association of Water Board Directors winter conference and reviewed the District's Travel Reimbursement Guidelines.

Following review and discussion, Director Skarboszewski moved to (1) approve the bookkeeper's report and payment of the bills; and (2) authorize three per diems, two nights of hotel accommodations, and three meals per day for Directors attending the Association of Water Board Directors winter conference in Dallas, all to be submitted in accordance with the District's Travel Reimbursement Guidelines. Director Murr seconded the motion, which passed unanimously.

CONDUCT ANNUAL REVIEW OF INVESTMENT POLICY AND ADOPT RESOLUTION REGARDING ANNUAL REVIEW OF INVESTMENT POLICY

The Board conducted an annual review of the District's Investment Policy and considered adoption of an Amended Investment Policy. Ms. Harrington reviewed a Resolution Regarding Annual Review of Investment Policy and Adoption of Amended Investment Policy with the Board. Discussion ensued regarding the Amended

Investment Policy content and changes, including current and future District investment options. Following review and discussion, Director Bernardini moved to adopt the Resolution Regarding Annual Review of Investment Policy and Adoption of Amended Investment Policy and direct that it be filed appropriately and retained in the District's official records. Director Swann seconded the motion, which passed by unanimous vote.

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 7.52% of the 2017 taxes had been collected as of November 30, 2017. Following review and discussion, Director Bernardini moved to approve the tax assessor/collector's report and payment of the tax bills. Director Skarboszewski seconded the motion, which carried unanimously.

UPDATE ON SALES TAX MONITORING REPORT FROM SALES REVENUE INC.

Ms. Luevano reported that the annual sales tax monitoring report will be presented at the January or February meeting.

EMINENT DOMAIN REPORT

Ms. Harrington reported that ABHR will file the District's Eminent Domain Authority Annual Report with the Comptroller of the State of Texas pursuant to Senate Bill 1812.

RENEWAL OF AGREEMENT WITH MALCOMSON ROAD UTILITY DISTRICT FOR SANITARY SEWER LINES

The Board discussed the renewal of the Agreement with Malcomson Road Utility District for Sanitary Sewer Lines. The Board requested AEI and Eagle to obtain more information regarding the sanitary sewer line and report back to the Board next month.

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 discussed the need to evaluate the condition of manholes in the District and requested that the Board authorize Eagle to perform a manhole inspection.

Ms. Blackwell updated the Board on the construction of the Hidden Falls Detention Pond rehabilitation/modification project. She stated there were no pay estimates or changed orders submitted for the Board's approval.

Ms. Blackwell and Ms. Harrington updated the Board regarding the status of the modifications to the amenity features at the Hidden Falls Detention Pond.

Ms. Blackwell updated the Board on the rehabilitation of the 20,000-gallon hydropneumatic tank at the Malcomson Road water plant and stated that there were no pay estimates or change orders submitted for the Board's approval.

Ms. Blackwell reported that the Oak Bluff water plant emergency generator project is now complete.

Ms. Blackwell reported that a 12-inch water line that crosses Faulky Gully at Forest Lodge Drive needs to be repaired or replaced. She requested that the Board authorize AEI to work with Eagle to determine the scope of work needed to repair or replace the water line and stated that AEI will bring a proposal for the work to the next Board meeting.

After review and discussion, and based upon the engineer's recommendations, Director Skarboszewski moved to (1) approve the engineer's report; and (2) authorize Eagle to conduct a manhole inspection; and (3) authorize AEI and Eagle to determine the scope of work needed to repair or replace the water line across Faulky Gully. Director Bernardini seconded the motion, which passed by unanimous vote.

ADOPT BUDGET FOR FISCAL YEAR END DECEMBER 31, 2018

The Board concurred to add a \$100,000 line item to the budget for fiscal year end December 31, 2018 for the water line repair discussed under the engineer's report. Following discussion, Director Skarboszewski moved to adopt the District's budget for fiscal year end December 31, 2018, including the Lake Forest Plant Advisory Council ("LFPAC") budget, as discussed. Director Bernardini seconded the motion, which passed by unanimous vote.

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 97.5%.

After review and discussion, Director Skarboszewski moved to accept the operator's report. Director Bernardini 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 Skarboszewski 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 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.

NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY ("NHCRWA")

Director Murr updated the Board on NHCRWA matters.

LAKE FOREST PLANT ADVISORY COUNCIL

Director Skarboszewski updated the Board on LFPAC matters.

CONSTABLE SECURITY PATROL MATTERS

Sergeant Curry discussed security matters in the District. A copy of the security report is attached.

WEBSITE MATTERS

There was no discussion on this agenda item.

REVIEW ACTION LIST

The Board reviewed the action list.

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



A handwritten signature in blue ink, appearing to be 'S. Smith', written over a horizontal line.

Secretary, Board of Directors

ACTION LIST

New Items:

1. McCann will contact the District's operator whenever the alarm system is triggered, review the alarm settings at the plants, and provide a quarterly alarm system report to ABHR for distribution to the Board and applicable consultants.
2. DDS will send the updated energy report to the District's website coordinator for posting on the District website.
3. AEI and Eagle will obtain more information about the sanitary sewer line shared with Malcomson Road Utility District and report back to the Board at the next month.
4. AEI and Eagle will determine the scope of work needed to repair or replace the water line across Faulky Gully and AEI will present a proposal for the work at the next Board meeting.

Pending Items:

1. Mr. Oliver will obtain copies of the new NHCRWA water bill insert for review and consideration by the Board.
2. Ms. Blackwell will notify directors of the date of the final inspection of the Hidden Falls Detention Pond rehabilitation/modification project.
3. Mr. Fortner will present the annual sales tax revenue report at the January or February board meeting.
4. 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.
5. 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.
6. The Board will review the Water and Sewer Rate Analysis at the February 2018 Board meeting and consider amending the District's Rate Order.

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