

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 18

May 13, 2019

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 May, 2019, at the offices of AEI Engineering, LLC, 11450 Compaq Center Drive, Suite 660, Houston, Texas 77070, outside the boundaries of the District, and the roll was called of the members of the Board:

Robert A. Bernardini	President
Karl Skarboszewski	Vice President
Michael L. Murr	Secretary
Vally Swann	Assistant Secretary
Charlie Kennedy, Jr.	Assistant Vice President

and all of the above were present, thus constituting a quorum.

Also present at the meeting were Sergeant Wayne Curry of the Harris County Precinct 4 Constable's Office; Wendy Austin of District Data Services, Inc. ("DDS"); Yvonne Luevano of Wheeler & Associates, Inc. ("Wheeler"); Matt Kelley of AEI Engineering, LLC ("AEI"); T. R. Riley of Eagle Water Management, Inc. ("Eagle"); and Adisa Harrington and Faye Simonds of Allen Boone Humphries Robinson LLP ("ABHR").

CONSTABLE SECURITY PATROL MATTERS

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

COMMENTS FROM THE PUBLIC

There were no comments from the public.

MINUTES

The Board considered approving the minutes of the April 8, 2019, regular meeting. After review and discussion, Director Skarboszewski moved to approve the minutes of the April 8, 2019, regular meeting, as presented. Director Bernardini seconded the motion, which passed unanimously.

RENEWAL OF DISTRICT'S INSURANCE POLICIES

Ms. Harrington stated that the District's insurance policies with W.I.N. through Arthur J. Gallagher & Co. expire on August 12, 2019. Discussion ensued and the Board

concurrent for ABHR to obtain a renewal proposal from Arthur J. Gallagher & Co. ("Gallagher") for review at the next Board meeting. The Board also requested that ABHR obtain a proposal from McDonald & Wessendorff Insurance if the Gallagher proposal is 15% more than last year's premium.

TRAVEL REIMBURSEMENT GUIDELINES AND DIRECTOR EXPENSES FOR THE ASSOCIATION OF WATER BOARD DIRECTORS SUMMER CONFERENCE

The Board discussed the District's Travel Reimbursement Guidelines and the Association of Water Board Directors summer conference. After discussion, Director Bernardini moved to authorize the directors attending the conference to receive up to four per diems, three nights of hotel expense, and reimbursement for up to three meals a day during the conference. Director Skarboszewski seconded the motion, which passed by unanimous vote.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Austin reviewed the bookkeeper's report, including the 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 Skarboszewski moved to approve the bookkeeper's report and payment of the bills. Director Bernardini 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 97.32% of the 2018 taxes had been collected as of April 30, 2019. She then reviewed the tax item on the attached action list, noting there are no unclaimed accounts to write-off.

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.

ENGINEER'S REPORT

Mr. Kelley reviewed the engineer's report, a copy of which is attached, and engineering items on the attached action list.

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

Mr. Kelley 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.

Mr. Kelley updated the Board on the sanitary manhole rehabilitation project, noting that the project is complete. He reviewed the Certificate of Completion and recommended the Board approve Pay Estimate No. 5 and Final in the amount of \$6,673.90 to T. Gray Utility and Rehabilitation, LLC and final acceptance of the contract.

Mr. Kelley updated the Board on the replacement of the 12-inch water line that crosses Faulkey Gully at Forest Lodge. He stated the work is 75% complete.

Mr. Kelley updated the Board on the service request from Public Storage. He stated AEI has prepared the annexation documents and forwarded them to ABHR for review. Ms. Harrington reported she has been in contact with Public Storage to discuss the additional development-related requirements between the District and Public Storage and she is awaiting additional feedback from Public Storage.

Mr. Kelley updated the Board on the District's water plant electrical improvements.

Mr. Kelley presented a storm water pollution education flyer, a copy of which is attached to the engineer's report. He stated the District is required to distribute the flyer as part of the annual renewal of the District's storm water quality permit. He requested authorization for the operator to include the flyer in the June water bill. Mr. Kelley stated he will email the flyer to Ms. Simonds for posting on the District's website.

Mr. Kelley updated the Board on the 50% plans from Harris County Flood Control District for the proposed repairs to Faulkey Gully. He reported the project covers several locations including Faulkey Gully, work is due to commence in late May, and the project will take approximately 460 days to complete.

Following review and discussion, Director Skarboszewski moved to (1) approve the engineer's report; (2) approve Pay Estimate No. 5 and Final in the amount of \$6,673.90 to T. Gray Utilities and Rehabilitation, LLC for the sanitary manhole rehabilitation project, and final acceptance of the project, based upon the engineer's recommendation; and (3) authorize the operator to include the storm water pollution flyer in the June water bills. Director Bernardini seconded the motion, which passed by unanimous vote.

EMERGENCY RESPONSE PLANS

The Board conducted a review of the District's Emergency Operations Plan and determined that no changes were necessary.

The Board discussed emergency response training and concurred to defer training to the next regular meeting.

ANNEXATION MATTERS

This agenda item was discussed under the engineer's report.

OPERATION OF DISTRICT FACILITIES

Mr. Riley 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 97.86%.

Mr. Riley reported on a resident who is requesting that a fence separating the resident's back yard from the Malcomson Road water plant be replaced. He stated Eagle inspected the fence with Director Skarboszewski and noted the resident's dog is damaging the fence, which had already been repaired earlier this year. Director Skarboszewski recommended approving a proposal in the amount of \$1,043 to replace 40 pickets in the fence instead of replacing the entire fence.

Mr. Riley then reviewed the operator items on the attached action list. He stated that he had not met with Director Skarboszewski to inspect damage to District waterline facilities related to the Grant Road widening project. Director Skarboszewski and Mr. Riley concurred to inspect the area on May 14th and coordinate with ABHR regarding a potential claim against Angel Brothers for damage to the District's facilities.

Director Swann requested Eagle contact MBN Construction and notify Harris County regarding a back charge claim for damage to the District's service waterline along North Eldridge.

After review and discussion, Director Bernardini moved to (1) accept the operator's report; and (2) approve the proposal in the amount of \$1,043 to replace 40 pickets in the fence separating the resident's back yard from the Malcomson Road water plant. Director Kennedy 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. Riley 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, because 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, and direct that the delinquent customer list be filed appropriately and retained in the District's official records. Director Kennedy seconded the motion, which carried unanimously.

REVIEW CRITICAL LOAD SPREADSHEET FOR DISTRICT'S FACILITIES AND AUTHORIZE ANNUAL FILING

Ms. Harrington stated that the District is required to report its critical load facilities annually to the Harris County Emergency Management Coordinator, the Public Utility Commission of Texas, the Division of Emergency Management of the Governor's office, the District's retail electric provider, and the District's transmission and distribution utility company. She then reviewed the Critical Load Spreadsheet of District Facilities (the "Spreadsheet") and stated that the engineer, operator, and bookkeeper were given the Spreadsheet for review prior to the meeting. Following review and discussion, Director Bernardini moved to (1) approve the Spreadsheet; (2) authorize ABHR to file the Spreadsheet with the Harris County Emergency Management Coordinator, the Public Utility Commission of Texas, the Division of Emergency Management of the Governor's office, the District's retail electric provider, and the District's transmission and distribution utility company; and (3) direct that the Spreadsheet be filed appropriately and retained in the District's official records. Director Skarboszewski seconded the motion, which carried unanimously.

APPROVE CONSUMER CONFIDENCE REPORT ("CCR") AND AUTHORIZE OPERATOR TO DELIVER CCR AND FILE CERTIFICATE OF DELIVERY WITH THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY ("TCEQ")

Mr. Riley reviewed the Consumer Confidence Report ("CCR") with the Board. He reported that the District's drinking water is regulated by the Texas Commission on Environmental Quality ("TCEQ") to ensure the water is meeting all of the requirements as stated in the Federal Drinking Water Standards, which also requires the District to publish a CCR to residents in the District regarding the status of the drinking water. He stated that the Environmental Protection Agency allows for electronic CCR delivery with a customer option to request a paper CCR. He requested Board authorization to include a website link to the CCR on the June water bill in lieu of mailing out hard copies of the CCR to all District customers, and provide hard copies of the CCR only to those customers who request hard copies. Mr. Riley stated he will email the CCR to Ms. Simonds for posting on the District's website.

Following review and discussion, Director Bernardini moved to approve the CCR, subject to review and finalization, and authorize the operator to include a website link to the CCR on customer water bills in lieu of mailing out hard copies of the CCR to all District customers, provide hard copies of the CCR to those customers who request hard copies, file the certificate of mailing with the TCEQ, and post the CCR on the District's website. Director Kennedy seconded the motion, which carried unanimously.

SALE OF SERIES B GROUNDWATER CREDITS

Ms. Harrington stated that there were no inquiries from buyers of Series B groundwater credits.

AUTHORIZE RENEWAL OF WATER SUPPLY AND WASTEWATER DISPOSAL CONTRACT ("CY-FAIR CONTRACT") WITH CYPRESS FAIRBANKS INDEPENDENT SCHOOL DISTRICT ("CY-FAIR ISD")

Ms. Harrington reviewed Cy-Fair ISD's comments on the proposed Cy-Fair Contract renewal. Discussion ensued and the Board concurred to have Eagle test and calibrate the meters for the Cy-Fair ISD facilities served by the District and bill Cy-Fair ISD, rather than requiring Cy-Fair ISD to conduct the testing and calibration. Ms. Harrington stated she will continue working with Cy-Fair ISD's attorney to finalize the Cy-Fair Contract renewal. The Board tabled approval of the contract renewal.

NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY ("NHCRWA") MATTERS

Director Murr reported on NHCRWA matters. He requested that Mr. Riley provide sample water conservation flyers for inclusion in the District's 2019 Water Smart application.

LAKE FOREST PLANT ADVISORY COUNCIL ("LFPAC") MATTERS

Director Skarboszewski reported on the most recent LFPAC meeting.

WEBSITE MATTERS

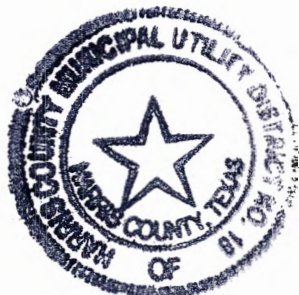
The Board reviewed the monthly activity report provided by Off Cinco, a copy of which is attached. Director Bernardini updated the Board on website matters. The Board then reviewed and commented on a draft notice regarding the upcoming temporary disinfection switch from chloramines to chlorine, and authorized Director Bernardini to finalize and post the notice to the District's website.

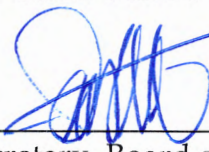
OPERATION OF DISTRICT FACILITIES CONTINUED

The Board discussed concerns regarding Eagle's lack of communication with the Board on District issues involving customer relations, action on construction projects, and water quality matters. The Board concurred for Directors Bernardini and Skarboszewski to meet with Mr. Plunkett of Eagle to discuss the Board's concerns.

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

(SEAL)





Secretary, Board of Directors

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