

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 18

June 10, 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 10th day of June, 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").

EMERGENCY RESPONSE TRAINING

The Board conducted emergency response training.

COMMENTS FROM THE PUBLIC

There were no comments from the public.

MINUTES

The Board considered approving the minutes of the May 13, 2019, regular meeting. After review and discussion, Director Skarboszewski moved to approve the minutes of the May 13, 2019, regular meeting, as presented. Director Bernardini seconded the motion, which passed unanimously.

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. The Board discussed the AT&T FirstNet cellphone program, which is available to first responders and governmental

entities for public safety. Director Bernardini stated he will research FirstNet and report back to the Board.

RENEWAL OF DISTRICT'S INSURANCE POLICIES

Ms. Harrington presented and reviewed a proposal for renewal of the District's insurance policies with W.I.N. through Arthur J. Gallagher & Co. ("W.I.N."), which expire on August 12, 2019. Following review and discussion, Director Bernardini moved to accept the proposal from W.I.N. and direct that the proposal be filed appropriately and retained in the District's official records. Director Skarboszewski seconded the motion, which passed by majority vote, with Director Murr abstaining.

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.

Ms. Austin reported that after legal and engineering billings ending May 31, 2019, Public Storage has exceeded their annexation deposit by \$8,415.89.

Following review and discussion, Director Skarboszewski moved to (1) approve the bookkeeper's report and payment of the bills; and (2) authorize AEI to request a further annexation deposit of \$20,000 from Public Storage. 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 98.07% of the 2018 taxes had been collected as of May 31, 2019.

Ms. Luevano reported that the District's preliminary value for the 2019 tax year is \$317,596,922.

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.

AUTHORIZE DELINQUENT TAX ATTORNEY TO PROCEED WITH COLLECTION OF DELINQUENT TAXES

After discussion, Director Bernardini moved to authorize the delinquent tax attorney to proceed with collection of 2018 delinquent taxes. Director Skarboszewski seconded the motion, which passed unanimously.

ENGINEER'S REPORT

Mr. Kelley reviewed the engineer's report, a copy of which is attached.

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 replacement of the 12-inch water line that crosses Faulkey Gully at Forest Lodge. He reported that the work is complete, laboratory results were received today, and AEI is awaiting turf establishment before scheduling a final inspection.

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.

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

Following review and discussion, Director Bernardini moved to approve the engineer's report. Director Skarboszewski seconded the motion, which passed by unanimous vote.

ANNEXATION MATTERS

Ms. Harrington reviewed updated development restrictions and a Declaration of Restrictive Covenants. Discussion ensued regarding perimeter fencing for the site and mowing and maintenance of the private detention pond to be located on the site. Following review and discussion Director Bernardini moved to (1) approve Public Storage's proposed wrought iron picket fencing with shepherd hooks; (2) approve the development restrictions, as discussed; and (3) approve the Declaration of Restrictive Covenants, as discussed. Director Swann seconded the motion, which passed unanimously.

The Board requested ABHR add an agenda item to the District's next meeting to amend the District's Rate Order.

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 96.24%.

Mr. Riley then reviewed the operator items on the attached action list. He stated 40 pickets in the fence at the Malcomson Road water plant have been replaced.

Mr. Riley reviewed a draft letter to delinquent customers who request a payment plan. He stated the letter will also be available in Spanish.

The Board discussed water quality in the District. The Board requested Eagle obtain a proposal for two automated meter flushing systems and coordinate with Director Skarboszewski for approval in an amount not to exceed \$5,000.

Mr. Riley presented a Service Agreement with Vepo, LLC for an online backflow and customer service inspection management system.

The Board discussed smart meters. Mr. Kelley stated a water meter replacement project is included on the District's capital project plan for 2020. Following discussion, the Board requested ABHR add an agenda item to the District's next meeting to discuss smart meters and authorize appropriate action.

Ms. Harrington stated she received correspondence regarding the District's FEMA claim for the replacement of a well motor damaged during Hurricane Harvey. She stated she will keep the Board updated on any further developments regarding the FEMA claim.

After review and discussion, Director Skarboszewski moved to (1) accept the operator's report; (2) approve the letter to delinquent customers who request a payment plan, subject to finalization; and (3) approve the Service Agreement with Vepo, LLC and direct that the Agreement be filed appropriately and retained in the District's official records. 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. 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 Skarboszewski 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 Murr 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. The Board requested this agenda item be removed.

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

Ms. Harrington reviewed the proposed Cy-Fair Contract renewal. She stated she is awaiting additional input from Cy-Fair ISD's attorney before the Cy-Fair Contract renewal can be finalized. Following discussion, Director Skarboszewski moved to approve the Cy-Fair Contract renewal, subject to finalization, and direct that the Contract be filed appropriately and retained in the District's official records. Director Bernardini seconded the motion, which passed unanimously.

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

Director Murr reported on NHCRWA matters.

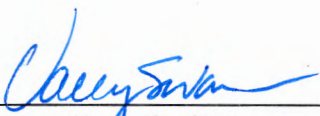
LAKE FOREST PLANT ADVISORY COUNCIL ("LFPAC") MATTERS

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 discussed third-party links and the inclusion of a statement regarding third-party links on the District's website.

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


Asst. Secretary, Board of Directors

(SEAL)



LIST OF ATTACHMENTS TO MINUTES

	<u>Page</u>
Security report.....	1
Bookkeeper's report.....	2
Tax assessor/collector's report.....	2
Engineer's report.....	3
Operator's report	4
Action list	4
Off Cinco monthly activity report.....	5