

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 18

September 9, 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 9th day of September, 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 Mike Huynh, Mike Hobson, and Christopher Denny of AT&T FirstNet; Anthea Moran of Masterson Advisors LLC ("Masterson"); 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"); Pam Madrigal 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").

COMMENTS FROM THE PUBLIC

There were no comments from the public.

MINUTES

The Board considered approving the minutes of the August 12, 2019, regular meeting. After review and discussion, Director Swann moved to approve the minutes of the August 12, 2019, regular meeting, as presented. Director Kennedy 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.

EMERGENCY RESPONSE PLANS

Mr. Huynh presented the AT&T First Net program to the Board. He stated it is a Federal program for primary users and extended primary users who are critical to response efforts in an emergency. Discussion ensued regarding cellular telephones with Band 14 capability, payment plans, and AT&T First Net account requirements. The Board requested Mr. Huynh provide information regarding use of the program by other municipal utility districts. The Board took no action.

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 stated the stormwater pump station meter at 12726 ½ Tenaya Falls Drive has been added to the District's current contract with Public Power Pool.

Ms. Austin stated the District received Public Storage's additional annexation deposit in the amount of \$20,000.

Following review and discussion, Director Skarboszewski moved to approve the bookkeeper's report and payment of the bills. Director Swann 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 98.63% of the 2018 taxes had been collected as of August 31, 2019.

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.

DISCUSS 2019 TAX RATE, SET PUBLIC HEARING DATE, AND AUTHORIZE NOTICE OF PUBLIC HEARING REGARDING ADOPTION OF TAX RATE

Ms. Moran distributed and reviewed the District's 2019 tax rate analysis, a copy of which is attached. Following review and discussion, Director Skarboszewski moved to (1) set a proposed 2019 tax rate of \$0.37 per \$100 of assessed valuation to provide for maintenance and operations; (2) set a public hearing for October 14, 2019, at 6:00 p.m.; and (3) authorize the tax assessor/collector to publish notice of the public hearing. Director Murr seconded the motion, which passed unanimously.

REVIEW DISTRICT'S TAX EXEMPTIONS

Ms. Moran distributed and reviewed a 2020 over 65 exemption analysis, a copy of which is attached. Ms. Luevano stated the District had 189 residents over the age of 65 in 2009 and 401 such residents in 2018. The Board took no action.

AUTHORIZE TAX ASSESSOR/COLLECTOR 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 Skarboszewski moved to authorize the tax assessor/collector to send an invoice to Jacobian and Rachel Richardson for the annual fee pursuant to the Out-of-District Service Agreement. Director Bernardini seconded the motion, which passed unanimously.

Director Murr exited the meeting

ANNEXATION MATTERS

Ms. Harrington stated the District has received from Public Storage the executed Letter Agreement, Declaration of Restrictive Covenants, Petition for Addition of Certain Land, Petition for Consent to Annex Land, and the full annexation deposit. The Board concurred to (1) accept the Petition for Addition of Certain Land and the Petition for Consent to Annex Land and authorize filing of the Petition for Consent to Annex Land with the City of Houston, as previously authorized by the Board at the District's October 8, 2018, meeting; and (2) direct that the Letter Agreement, Declaration of Restrictive Covenants, and Petition for Addition of Certain Land, be filed appropriately and retained in the District's official records.

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 98.57%.

Mr. Riley then reviewed the operator items on the attached action list. Mr. Riley stated the generator at Oak Bluff water plant was taken offline on August 13, 2019, for the CenterPoint damaged power pole replacement.

Mr. Riley stated a 10-inch valve requires replacement at Malcomson Road water plant and presented a proposal in the amount of \$4,846.

Mr. Riley stated Hamilton Middle School is opening an additional account with Eagle for an irrigation meter and requested confirmation of the required deposit. The Board concurred not to require a deposit for the school's new irrigation meter.

Ms. Harrington stated the operator has been provided with prescribed language that is to be included on District water and sewer bills mailed on or after September 1, 2019, in accordance with Senate Bill 239 of the 86th Regular Session of the Texas Legislature.

Ms. Harrington reported on the Second Amendment to the Contract with Cypress Fairbanks Independent School District ("Cy-Fair ISD"). Discussion ensued regarding meter calibration and testing, and in-house backflow prevention testing. Following discussion, the Board concurred for Cy-Fair ISD to be billed annually for meter calibration and testing to be performed by or under the supervision of the District operator, and to allow Cy-Fair ISD to conduct backflow prevention testing in-house, provided that the necessary certification and test results are submitted to the District operator.

Ms. Harrington stated the District's Direct Administrative Costs claim in the amount of \$4,610 with FEMA is ongoing and the District will incur additional legal fees to pursue the claim. Discussion ensued and the Board concurred it is not cost effective to further pursue the claim.

After review and discussion, Director Skarboszewski moved to (1) accept the operator's report; (2) accept the proposal in the amount of \$4,846 for the 10-inch valve replacement at Malcomson Road water plant; and (3) authorize ABHR to withdraw the District's Direct Administrative Cost FEMA claim in the amount of \$4,610. 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. 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 Bernardini seconded the motion, which carried unanimously.

AMEND RATE ORDER

The Board deferred action on this agenda item.

CONSIDER PROPOSAL FOR INSTALLATION OF SMART METERS IN THE DISTRICT

The Board discussed smart meter installation in the District. Following discussion, the Board requested Eagle present a comprehensive proposal for the purchase and installation of Accurate Badger Series E smart meters at the next meeting. Director Skarboszewski requested that all work orders related to the installation of smart meters be tracked separately on Eagle's invoices.

ENGINEER'S REPORT

Ms. Madrigal reviewed the engineer's report, a copy of which is attached.

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

Ms. Madrigal 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. Madrigal updated the Board on the District's water plant electrical improvements. She stated that there are no pay estimates for the Board's approval.

Ms. Madrigal reported the old meter vault at Hamilton Middle School has been removed.

Ms. Madrigal stated AEI evaluated the condition of the pipes at the Hidden Falls storm water pump station and reported the original coating is failing and the auto-dialer is not operational. Mr. Riley stated that the auto-dialer has since been repaired by Eagle. Ms. Madrigal requested authorization to solicit proposals for the pipe recoating to present at the next meeting.

Following review and discussion, Director Skarboszewski moved to approve the engineer's report and authorize AEI to solicit proposals for the pipe recoating at the Hidden Falls storm water pump station. Director Bernardini seconded the motion, which passed by unanimous vote.

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 Bernardini 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 Skarboszewski seconded the motion, which carried unanimously.

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

There was no discussion on this agenda item.

LAKE FOREST PLANT ADVISORY COUNCIL ("LFPAC") MATTERS

Director Skarboszewski reported on the most recent LFPAC meeting.

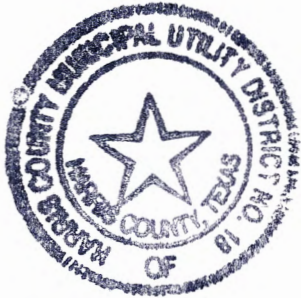
WEBSITE MATTERS

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.

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

Cheryl Finner
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
2019 tax rate analysis.....	2
2020 over-65 exemption analysis.....	3
Operator's report	3
Action list	3
Engineer's report.....	5
Off Cinco monthly activity report.....	6