

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 18

January 9, 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 9th day of January, 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:

Arved White	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, except Director Bernardini, thus constituting a quorum.

Also present at the meeting were Alan Sandersen of Sandersen Knox & Co., LLP; Stephanie Viator of District Data Services, Inc. ("DDS"); Yvonne Luevano of Wheeler & Associates, Inc. ("Wheeler"); Nancy Blackwell of AEI Engineering, Inc. ("AEI"); Chris Oliver of Eagle Water Management, Inc. ("Eagle"); and David Oliver 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 December 12, 2016, regular meeting. After review and discussion, Director Swann moved to approve the minutes of the December 12, 2016, regular meeting. Director Skarboszewski seconded the motion, which passed unanimously.

UPDATE ON PREPARATION OF AUDIT FOR FISCAL YEAR END DECEMBER 31, 2016

Mr. Sandersen discussed preparation of the audit for fiscal year end December 31, 2016 in the amount of \$6,500 that was previously approved at the December 12, 2016 Board meeting. Discussion ensued regarding auditing procedures and professional services. No action was necessary.

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. Following review and discussion, Director Skarboszewski moved to approve the bookkeeper's report and payment of the bills. Director Murr seconded the motion, which passed unanimously.

ACCEPT ANNUAL DISCLOSURE STATEMENTS FOR INVESTMENT OFFICER AND BOOKKEEPER

Mr. D. Oliver stated that, in accordance with the District's Investment Policy, Wendy Austin, as the District's bookkeeper and investment officer, is required to execute Disclosure Statements that disclose any relationships with banks and brokers who seek to sell investments to the District. After review and discussion, Director Skarboszewski moved to accept the Disclosure Statements under the Public Funds Investment Act, direct that the Statements be filed with the Texas Ethics Commission, and direct that the Statements be filed appropriately and retained in the District's official records. Director Murr seconded the motion, which passed unanimously.

REVIEW LIST OF LOCAL GOVERNMENT OFFICERS

Mr. D. Oliver stated that pursuant to Chapter 176 of the Texas Local Government Code, the District will maintain a List of Local Government Officers. She reviewed the List of Local Government Officers. After review and discussion, Director Skarboszewski moved to approve and authorize execution of the List of Local Government Officers and direct that the List be filed appropriately and retained in the District's official records. Director Murr seconded the motion, which passed by unanimous vote.

ANNUAL REPORT REGARDING POST-ISSUANCE COMPLIANCE POLICY

Mr. D. Oliver reported on the District's compliance activities during the prior calendar year related to bond financings. He stated that no corrective action is required at this time.

SALES TAX MONITORING REPORT FROM SALES REVENUE, INC.

Mr. D. Oliver stated that the sales tax monitoring report would be discussed at the February 13, 2017 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 31.48% of the 2016 taxes had been collected as of December 31, 2016. 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

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. Discussion ensued regarding the revised summary of current and anticipated capital projects.

Ms. Blackwell updated the Board on the status of the emergency generator project at Oak Bluff Water Plant. She stated there are no pay estimates for approval this month.

Ms. Blackwell updated the Board on the maintenance and operational improvements recommended by AEI for the Hidden Falls storm drainage/detention pond system. She reviewed the updated summary of recommended operational improvements for the system, a copy of which is attached to the engineer's report. Mr. C. Oliver stated that the work to jet and televise storm sewer lines has been completed.

Ms. Blackwell updated the Board on the Sanitary Sewer Rehab - Phase VI project. She presented and recommended approval of Pay Estimate No. 4 in the amount of \$31,536, payable to Texas Pride Utilities, LLC. A copy of Pay Estimate No. 4 is attached to the engineer's report.

After review and discussion, and based upon the engineer's recommendations, Director Skarboszewski moved to (1) approve the engineer's report; and (2) approve Pay Estimate No. 4 in the amount of \$31,536, payable to Texas Pride Utilities, LLC, for the Sanitary Sewer Rehab-Phase VI project. Director Murr seconded the motion, which was approved by unanimous vote.

MAINTENANCE AND DEVELOPMENT OF PROPOSED PARK TRACT

Director Murr discussed drainage and maintenance matters concerning the proposed park tract and stated that the District will need to coordinate with CenterPoint Energy in addressing drainage issues at the proposed park tract.

EMERGENCY RESPONSE PLANS

There was no discussion on this matter.

OPERATION OF DISTRICT FACILITIES AND HEARING ON TERMINATION OF WATER AND SEWER SERVICE

Mr. C. 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%.

Mr. C. Oliver presented a list of delinquent customers and reported the residents on the termination list were delinquent in payment of their water and sewer bills and were given written notification, in accordance with the District's Rate Order, prior to the meeting of the opportunity to appear before the Board of Directors to explain, contest, or correct their bills and to show why utility services should not be terminated for reason of non-payment.

After review and discussion, Director Murr moved to (1) accept the operator's report; and (2) authorize termination of delinquent accounts in accordance with the District's Rate Order and direct that the delinquent customer list be filed appropriately and retained in the District's official records. Director Skarboszewski seconded the motion, which carried unanimously.

DISCUSS WATER AND SEWER RATES AND ADOPT AMENDED RATE ORDER

The Board discussed the District's current Rate Order, including water and sewer rates and concurred that no action was necessary.

APPROVE INTERLOCAL AGREEMENT WITH HARRIS-GALVESTON SUBSIDENCE DISTRICT FOR WATER WISE PROGRAM

The Board deferred discussion on this matter.

SALE OF SERIES B GROUNDWATER CREDITS

Mr. D. Oliver stated that there have been no requests for Series B groundwater credits.

NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY ("NHCRWA")

Director Murr stated there was no NHCRWA meeting for December 2016 to report to the Board.

LAKE FOREST PLANT ADVISORY COUNCIL ("LFPAC")

Director White updated the Board on LFPAC matters.

CONSTABLE SECURITY PATROL MATTERS

The Board discussed security matters in the District. A copy of the security report is attached. Mr. D. Oliver discussed Director Bernardini's request for Sergeant Curry to attend Board meetings quarterly.

RENEWAL OF CONTRACT WITH HARRIS COUNTY FOR DEPUTY SERVICES

Mr. D. Oliver reviewed a proposed Interlocal Agreement for Law Enforcement Services with Harris County for the services of one sergeant. Following review and discussion, Director Skarboszewski moved to approve the Interlocal Agreement for Law Enforcement Services with Harris County and direct that the Agreement be filed appropriately and retained in the District's official records. Director Swann seconded the motion, which passed by unanimous vote.

REVIEW DISTRICT WEBSITE CONTENT

Mr. D. Oliver updated the Board on the annual review of the District's website. No action was taken.

REVIEW DISTRICT INFORMATION KIT

Mr. D. Oliver discussed the District's Information Kit. He stated that edits are currently being made by ABHR and the updated Information Kit will be sent electronically to Board members and consultants for review before the next regular Board meeting. No action was taken.

REVIEW ACTION LIST

The Board reviewed the action list.

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



Secretary, Board of Directors

ACTION LIST

New Items:

Pending Items:

1. Director Murr and AEI will follow-up with CenterPoint Energy regarding drainage options for the eight-acre park tract.
2. Director Murr will visit Hamilton Middle School to discuss sponsorship for the Water Wise Program.
3. Ryan Fortner with Sales Revenue, Inc. will attend the February Board meeting to discuss the District's sales tax monitoring plan.

LIST OF ATTACHMENTS TO MINUTES

	<u>Page</u>
Bookkeeper's report.....	2
Tax assessor/collector's report	3
Delinquent tax roll	3
Engineer's report.....	3
Operator's report.....	4
Security report.....	5