

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 18

February 13, 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 13th day of February, 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 White, thus constituting a quorum.

Also present at the meeting were Ryan Fortner of Sales Revenue Inc.; Wendy Austin 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 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 January 9, 2017, regular meeting. After review and discussion, Director Skarboszewski moved to approve the minutes of the January 9, 2017, regular meeting. Director Swann seconded the motion, which passed unanimously.

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. A copy of the bookkeeper's report is attached.

The Board discussed the audit for fiscal year end December 31, 2016. Discussion ensued regarding documentation to be provided by Sandersen & Scheffer, PLLC ("Sandersen") to the District's bookkeeper, pending audit deadlines, and requesting a

proposal from McCall Gibson Swedlund Barfoot PLLC ("McCall"). The Board concurred to hold a special Board meeting on February 22, 2017 at 5:00 p.m. at Director Murr's office to discuss the audit proposal from McCall if Sandersen does not submit the required audit documents to the bookkeeper by February 20, 2017.

The Board discussed the Association of Water Board Directors ("AWBD") winter conference. Ms. Austin noted that the directors' expenses were submitted in accordance with 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; (2) authorize ABHR to request an audit proposal from McCall and schedule a special meeting for February 22, 2017, as discussed above; and (3) approve reimbursement of eligible expenses for the winter conference and authorize all interested directors to attend the AWBD summer conference. Director Bernardini seconded the motion, which passed unanimously.

#### SALES TAX MONITORING REPORT FROM SALES REVENUE INC.

Mr. Fortner discussed the sales tax monitoring report, a copy of which is attached. He noted that the State is following up with certain businesses in the District to ensure that they are properly charging sales tax, and that he will report back to the Board once the issue is resolved.

#### 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 88.16% of the 2016 taxes had been collected as of January 31, 2017. 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.

#### RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

Ms. Harrington then reviewed a Resolution Concerning Exemptions from Taxation reflecting that the Board of Directors rejects a general residential homestead exemption, rejects any exemption of travel trailers from ad valorem taxation, and grants a \$50,000 exemption for persons over 65 years of age and a \$100,000 exemption for disabled persons. After review and discussion, Director Bernardini moved to adopt the Resolution Concerning Exemptions from Taxation and direct that the Resolution be filed appropriately and retained in the District's official records. Director Murr seconded the motion, which passed by unanimous vote.

#### 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 updated the Board on the status of the emergency generator project at Oak Bluff Water Plant. She presented and recommended approval of Pay Estimate No. 6 in the amount of \$36,717.30, Pay Estimate No. 7 in the amount of \$19,795.50, and Pay Estimate No. 8 and Final in the amount of \$40,846.90, payable to McDonald Electric, Inc., and acceptance of the project. Copies of Pay Estimate Nos. 6, 7, and 8 and Final are attached to the engineer's report.

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.

Ms. Blackwell updated the Board on the Sanitary Sewer Rehab - Phase VI project. She stated there are no pay estimates for approval this month.

Ms. Blackwell discussed the five-year evaluation of the hydropneumatic tank at the Malcomson Road water plant. She asked the Board to authorize AEI to coordinate with the operator and conduct the evaluation.

Ms. Blackwell discussed a water rate analysis from 2014. The Board concurred to defer the matter until the March Board meeting.

After review and discussion, and based upon the engineer's recommendations, Director Skarboszewski moved to (1) approve the engineer's report; (2) approve Pay Estimate No. 6 in the amount of \$36,717.30, Pay Estimate No. 7 in the amount of \$19,795.50, and Pay Estimate No. 8 and Final in the amount of \$40,846.90, payable to McDonald Electric, Inc. for the emergency generator project at Oak Bluff Water Plant, and accept the project; and (3) authorize AEI to coordinate with the operator and conduct the five-year evaluation of the hydropneumatic tank at the Malcomson Road water plant. 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 now that a survey of the land is complete.

## 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 96.3%.

The Board discussed electronic procedures for turning on water service and customer management software. Discussion ensued and the Board requested that Eagle investigate customer water bill account software options and report back to the Board.

The Board discussed the Treasury Management Services Agreement with BBVA/Compass and concurred to defer the matter until the March Board meeting.

Mr. 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.

## 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

Ms. Harrington stated that there have been no requests for Series B groundwater credits.

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

Director Murr updated the Board on NHCRWA matters.

## LAKE FOREST PLANT ADVISORY COUNCIL ("LFPAC")

Director Murr 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.

## APPROVE UPDATED DISTRICT INFORMATION KIT

Ms. Harrington reviewed the updated District Information Kit. Following review and discussion, Director Skarboszewski moved to approve the Information Kit subject to finalization, and direct that the Kit be filed appropriately and retained in the District's official records. Director Bernardini seconded the motion, which passed by unanimous vote.

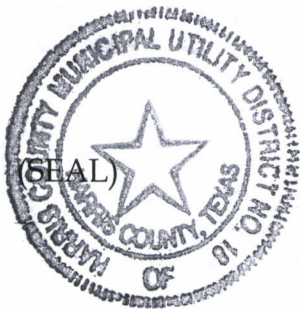
## REVIEW ACTION LIST

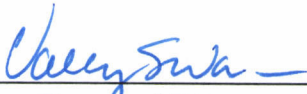
The Board reviewed the action list.

## MEETING SCHEDULE FOR MARCH

The Board discussed the March Board meeting schedule and concurred to hold the March meeting on the regularly scheduled date and time.

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



  
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Secretary, Board of Directors

## ACTION LIST

### New Items:

1. ABHR will request an audit proposal from McCall and schedule a special Board meeting on February 22, 2017 at 5:00 p.m. at Director Murr's office to discuss the pending audit if Sandersen does not submit the required audit documents to the bookkeeper by February 20, 2017.
2. Mr. Fortner will report back to the Board regarding the State's review of certain businesses in the District to confirm that the businesses are properly charging sales tax, once the issue is resolved.
3. AEI and Eagle will coordinate to conduct the five-year evaluation of the hydropneumatic tank at the Malcomson Road water plant.
4. Eagle will investigate customer water bill account software options and report back to the Board.

### 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.

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