

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 18

April 10, 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 10th day of April, 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 Directors White, thus constituting a quorum.

Also present at the meeting were 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 March 13, 2017, regular meeting. After review and discussion, Director Skarboszewski moved to approve the minutes of the March 13, 2017, regular meeting. Director Swann seconded the motion, which passed unanimously.

APPROVE AUDIT

No report was given on this matter.

DISCUSS AUDIT MATTERS AND TAKE APPROPRIATE ACTION

The Board discussed the status of the audit for fiscal year end December 31, 2016. The Board requested receipt of the draft audit by April 17, 2017, and concurred to discuss the matter again at the May 8, 2017, Board meeting.

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. 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.

CONDUCT ANNUAL REVIEW OF INVESTMENT POLICY AND ADOPT RESOLUTION REGARDING ANNUAL REVIEW OF INVESTMENT POLICY

The Board conducted an annual review of the District's Investment Policy. Ms. Harrington stated that no changes are recommended. Following review and discussion, Director Skarboszewski moved to adopt a Resolution Regarding Annual Review of Investment Policy reflecting no changes to the Investment Policy and direct that the Resolution be filed appropriately and retained in the District's official records. Director Bernardini seconded the motion, which passed by unanimous vote.

REVIEW, REVISE AND ADOPT RESOLUTION ESTABLISHING THE AUTHORIZED DEPOSITORY INSTITUTIONS AND ADOPTING LIST OF QUALIFIED BROKER/DEALERS WITH WHOM THE DISTRICT MAY ENGAGE IN INVESTMENT TRANSACTIONS

Ms. Harrington reviewed a Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions. After review and discussion, Director Skarboszewski moved to adopt the Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions and direct that the Resolution be filed appropriately and retained in the District's official records. Director Swann seconded the motion, which passed unanimously.

UPDATE ON SALES TAX MONITORING REPORT FROM SALES REVENUE INC.

No report was given on this matter.

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 97.01% of the 2016 taxes had been collected as of March 31, 2017. Following review and discussion, Director Murr moved to approve the tax assessor/collector's report and payment of the tax bills. Director Skarboszewski 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. Discussion ensued regarding whether the staging area used by Harris County for the project can be used for future parking for the proposed 8-acre park once the Grant Road widening project is complete. Ms. Blackwell and Director Murr stated they will follow up with Harris County to confirm whether the staging area can remain in place and be used for future parking for the park.

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 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 reported that the District received four bids for the construction of the Hidden Falls Detention Pond rehabilitation/modification project. She stated that the low bid in the amount of \$180,000 was submitted by R Miranda Trucking and Construction, LLC. Ms. Blackwell recommended that the Board accept the low bid in the amount of \$180,000 submitted by R Miranda Trucking and Construction, LLC. Based on the engineer's recommendation, the Board determined in their judgment that such bidder would be the most advantageous to the District and would result in the best and most economical completion of the District's facilities.

Ms. Blackwell reported that the District needs to access and cross a CenterPoint easement adjacent to the Hidden Falls Detention Pond in connection with the rehabilitation/modification project, and that CenterPoint Energy is requiring a nonrefundable fee in the amount of \$1,500 and a refundable security deposit in the amount of \$30,000 in exchange for granting District access to and across the CenterPoint easement. Discussion ensued regarding the fee and security deposit. After review and discussion, Director Murr moved to approve the CenterPoint Energy nonrefundable fee in the amount of \$1,500 and refundable deposit in the amount of \$30,000 for access to and across the CenterPoint easement for construction of the Hidden Falls Detention Pond rehabilitation/modification project. Director Bernardini seconded the motion, which was approved by unanimous vote. The Board requested that AEI follow up with CenterPoint regarding the access arrangements and related documentation.

Ms. Blackwell updated the Board on the vacant lot adjacent to the Hidden Falls

Detention Pond that needs to be used as a staging area for the rehabilitation/modification project. She requested that the Board accept a temporary construction and access easement allowing use of the lot as a staging area for the project. After review and discussion, Director Bernardini moved to accept the temporary construction and access easement for the Hidden Falls Pond rehabilitation/modification project. Director Murr seconded the motion, which was approved by unanimous vote.

Ms. Harrington reported that a homeowner who accidentally built their house approximately five feet onto a District sanitary sewer easement is requesting that the Board grant a consent to encroachment and that the homeowner has agreed to pay the District's costs, including engineering and legal fees, related to the consent to encroachment. Following discussion, Director Bernardini moved to approve the consent to encroachment, subject to receiving payment from the homeowner for the District's related costs. Director Murr seconded the motion, which carried unanimously.

Ms. Blackwell reviewed the five-year evaluation of the hydropneumatic tank at the Malcomson Road water plant, a copy of which is attached to the engineer's report. She stated that the interior of the tank has several areas of significant coating failure and corrosion and recommended an interior recoating at an estimated cost of \$25,000. Ms. Blackwell requested authorization to prepare the plans and specifications for the project and recommended that bids for the work be solicited in late summer/early fall, and that the work be scheduled during the winter when water demand is reduced.

Ms. Blackwell reviewed AEI's water and sewer rate analysis from 2014 and inquired whether AEI should update the analysis. Discussion ensued and the Board concurred to update the water and sewer rate analysis.

After review and discussion, and based upon the engineer's recommendations, Director Bernardini moved to (1) approve the engineer's report; (2) award the contract for the Hidden Falls Detention Pond rehabilitation/modification project to R Miranda Trucking and Construction, LLC in the amount of \$180,000; (3) authorize AEI to prepare the plans and specifications for recoating the hydropneumatic tank at the Malcomson Road water plant; and (4) authorize AEI to prepare an updated water and sewer rate analysis. Director Skarboszewski seconded the motion, which was approved by unanimous vote.

MAINTENANCE AND DEVELOPMENT OF PROPOSED PARK TRACT

The Board discussed the proposed park and agreed to table action on development of the park until after the Hidden Falls Detention Pond rehabilitation/modification project has been completed.

EMERGENCY RESPONSE PLANS

Director Bernardini updated the Board on emergency response plans.

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 93.4%.

Mr. Oliver recommended replacing a valve and making other changes to the backup controls at the Malcomson Road water plant. He stated that he will provide a cost estimate for the work at the next Board meeting.

Mr. Oliver discussed the eight-foot wood fence between the Malcomson Road water plant and the resident's lot located at 12607 Oakcroft Drive and stated that the work is paid for and complete.

Mr. Oliver reported that the Hidden Falls homeowners association ("HOA") irrigation well needs to be repaired to irrigate the Hidden Falls Detention Pond, noting that the well is not a District facility. Discussion ensued regarding the respective maintenance responsibilities of the District and the HOA with regard to the Hidden Falls Detention pond.

The Board reviewed the new North Harris County Regional Water Authority groundwater and surface water fee increases and requested that language be added to the April water bill and District website regarding the fee increase.

The Board tabled action on the District's Identity Theft Prevention Program, pending receipt of the annual report to be prepared by Eagle.

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 Bernardini 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 discussed eligibility requirements for the District's participation in the Water Smart Program. Director Murr recommended that the Board consider making a presentation on water conservation to qualify for the Water Smart Program since Hamilton Intermediate School is not interested in being sponsored for the Water Wise Program. Discussion ensued and the Board concurred to have AEI and Eagle assist in preparing a water conservation presentation.

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 reported on NHCRWA matters.

LAKE FOREST PLANT ADVISORY COUNCIL ("LFPAC")

Director Skarboszewski updated the Board on LFPAC matters.

CONSTABLE SECURITY PATROL MATTERS

Director Bernardini discussed security matters in the District. A copy of the security report is attached.

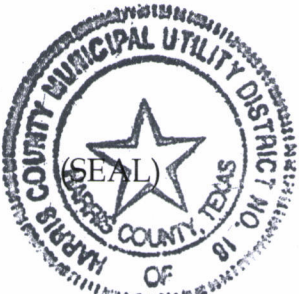
DISTRICT WEBSITE CONTENT AND AUTHORIZE WEBSITE POSTING OF ENERGY ANALYSIS FOR ELECTRICITY USAGE

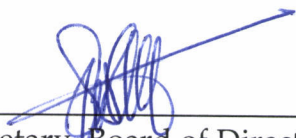
Director Bernardini gave an update on the District's website and discussed website upgrades and posting of the energy analysis. The Board discussed the District's electricity rates and participation in the Public Power Pool program.

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:

1. Ms. Blackwell and Mr. Murr will follow up with Harris County to confirm whether the staging area for the Grant Road widening project can remain in place and be used for future parking for the proposed District park once the Grant Road widening project is complete.
2. AEI will solicit bids for the hydropneumatic tank recoating project at the Malcomson Road water plant in late summer/early fall and schedule the work for the winter period.
3. AEI will follow up with CenterPoint regarding the access arrangements and related documentation in connection with the Hidden Falls rehabilitation/modification project.
4. AEI will prepare an updated water and sewer rate analysis.
5. Eagle will provide cost estimates for the valve replacement and changes to the backup controls at the Malcomson Road water plant.
6. Mr. Oliver and Director Bernardini will add the language to the April water bill and District website, respectively.
7. Eagle will present the annual report for the District's Identity Theft Prevention Program at the next Board meeting.
8. AEI and Eagle will assist in preparing a water conservation presentation.

Pending Items:

1. 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.
2. Director Murr and AEI will follow-up with CenterPoint Energy regarding drainage options for the eight-acre park tract once the Hidden Falls Detention Pond rehabilitation/modification project is complete.

LIST OF ATTACHMENTS TO MINUTES

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