

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 18

June 12, 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 12th day of June, 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 and Murr, thus constituting a quorum.

Also present at the meeting were Kim Courte of Arthur J. Gallagher & Co.; 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"); 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 May 8, 2017, regular meeting. After review and discussion, Director Skarboszewski moved to approve the minutes of the May 8, 2017, regular meeting. Director Bernardini seconded the motion, which passed unanimously.

DISCUSS AUDIT MATTERS

Mr. David Oliver updated the Board on the status of the audit for prior fiscal year end December 31, 2016. Discussion ensued regarding comments submitted to prior drafts of the audit, future comments to the current draft and concerns with the current draft audit quality. After review and discussion, Director Skarboszewski moved to authorize ABHR to draft a special meeting agenda to consider the matter if the draft

audit was not provided by end of day on June, 16, 2017, if deemed necessary. Director Bernardini seconded the motion, which passed unanimously.

RENEWAL OF DISTRICT'S INSURANCE POLICIES

Ms. Courte reviewed the District's insurance policies with W.I.N. through Arthur J. Gallagher & Co. ("W.I.N.") that expire on August 12, 2017. She answered questions from the Board regarding coverage of District facilities. Following review and discussion, Director Bernardini moved to accept the proposal from W.I.N. Director Skarboszewski seconded the motion, which carried by unanimous vote.

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 Bernardini 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 97.94% of the 2016 taxes had been collected as of May 31, 2017. Following review and discussion, Director Bernardini moved to approve the tax assessor/collector's report and payment of the tax bills. Director Skarboszewski 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 2016 delinquent taxes. Director Skarboszewski seconded the motion, which passed 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. She stated that AEI is coordinating with Eagle and Harris County on the required modifications to

address the utility conflicts identified in the District which are not the District's responsibility.

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 construction of the Hidden Falls Detention Pond rehabilitation/modification project has begun.

Ms. Blackwell discussed the rehabilitation of the hydropneumatic tank at the Malcomson Road water plant and stated that bids for the work will be solicited and presented in the fall.

Ms. Blackwell distributed and discussed AEI's water and sewer rate analysis, a copy of which is attached.

After review and discussion, and based upon the engineer's recommendations, Director Skarboszewski moved to approve the engineer's report. Director Bernardini seconded the motion, which passed 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, INCLUDING REVIEW DISTRICT INTERNAL EMERGENCY OPERATIONS PLAN AND ADOPT RESOLUTION ADOPTING AMENDED DISTRICT EMERGENCY OPERATIONS PLAN

The Board conducted a review of the District's Emergency Operations Plan and determined that no changes were necessary. After review and discussion, Director Bernardini moved to approve the current District's Emergency Operations Plan. Director Swann seconded the motion, which passed by unanimous vote.

The Board discussed emergency response training and concurred that no additional training was necessary.

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

Mr. Chris 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 95.9%.

Mr. Chris 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) terminate service to the customers on the termination list in accordance with the District's Rate Order because no customers were either present at the meeting or had presented any written statement on the matter. Director Skarboszewski seconded the motion, which carried unanimously.

SALE OF SERIES B GROUNDWATER CREDITS

Mr. D. Oliver stated that there have been no requests to purchase the District's Series B groundwater credits.

NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY ("NHCRWA")

No updates were reported on NHCRWA matters.

LAKE FOREST PLANT ADVISORY COUNCIL ("LFPAC")

Director Skarboszewski updated the Board on LFPAC matters.

CONSTABLE SECURITY PATROL MATTERS

Sergeant Curry discussed security matters in the District. A copy of the security report is attached.

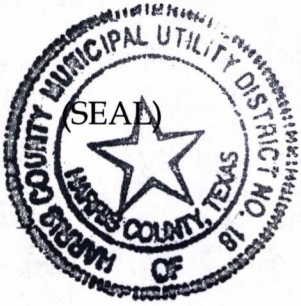
WEBSITE MATTERS

Director Bernardini gave an update on the District's website.

REVIEW ACTION LIST

The Board reviewed the action list.

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



A handwritten signature in blue ink, appearing to be "D. J. ...", written over a horizontal line.

Secretary, Board of Directors

ACTION LIST

New Items:

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.
3. 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.
4. 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.
5. AEI and Eagle will provide printed materials to assist the Board in preparing a water conservation presentation.

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