

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 18

August 14, 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 14th day of August, 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:

Vacant	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, thus constituting a quorum.

Also present at the meeting Shannon Waugh of Off Cinco; Wendy Austin of District Data Services, Inc. ("DDS"); Cathy Wheeler of Wheeler & Associates, Inc. ("Wheeler"); Nancy Blackwell and Matthew Kelley 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 July 10, 2017, regular meeting and July 27, 2017, special meeting. After review and discussion, Director Skarboszewski moved to approve the minutes of the July 10, 2017, regular meeting and July 27, 2017, special meeting. Director Bernardini seconded the motion, which passed unanimously.

WEBSITE MATTERS, INCLUDING PROPOSAL WEBSITE DESIGN AND MANAGEMENT

Director Bernardini gave an update on the District's website. Ms. Waugh introduced herself to the Board and distributed and discussed a website proposal by Off Cinco, a copy of which is attached. The Board reviewed layout design and maintenance options and concurred to terminate the District's existing contract with Clover Sites, Inc., subject to confirmation of the contractual termination provisions, and to review

and finalize arrangements for a new District website to be designed and managed by Off Cinco at the next Board meeting.

APPROVE AUDIT FOR FISCAL YEAR END DECEMBER 31, 2016

Ms. Harrington discussed the District's audit for fiscal year end December 31, 2016. The Board discussed the status of the audit and concurred to hold a special Board meeting on August 30, 2017 at 4:30 p.m. at Director Murr's office to approve the audit for fiscal year end December 31, 2016.

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.

Ms. Wheeler stated the updated sales tax monitoring report will be ready for review at the November or December Board meeting.

TAX ASSESSMENT AND COLLECTIONS MATTERS

Ms. Wheeler reviewed the tax assessor/collector's report and the delinquent tax roll, copies of which are attached. She reported that 98.44% of the 2016 taxes had been collected as of July 31, 2017. Following review and discussion, Director Bernardini moved to approve the tax assessor/collector's report and payment of the tax bills. Director Swann 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.

Ms. Blackwell updated the Board on the construction of the Hidden Falls Detention Pond rehabilitation/modification project. She presented and recommended

approval of Pay Estimate No. 1 in the amount of \$39,332.88, payable to R. Miranda Trucking and Construction, LLC, for mobilization, dewatering, and traffic control of the Hidden Falls Detention Pond rehabilitation/modification project. A copy of Pay Estimate No. 1 is attached to the engineer's report.

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 at the October 2017 Board meeting.

Ms. Blackwell discussed the 5-year evaluation of the hydropneumatic tank at the Oak Bluff water plant, which is scheduled to occur in six months. She requested Board authorization to conduct a full tank evaluation of the hydropneumatic tank now, due to due to deterioration issues with an appurtenance on the tank at the plant.

Ms. Blackwell distributed and discussed the 2016 Water and Sewer Rate Analysis (the "Analysis"), a copy of which is attached. She stated that capital expenditures were added to the Analysis. Discussion ensued and the Board concurred to review the Analysis, including rate adjustment scenarios, at the October meeting.

Director Bernardini discussed requests received from a Heatherwood Village resident for additional flushing near the resident's home and for a road drainage study for River Park Drive. Discussion ensued and the Board requested that Eagle conduct weekly flushing near the resident's home. Director Bernardini stated he would advise the resident to contact Harris County with any road drainage questions or road drainage study requests.

After review and discussion, and based upon the engineer's recommendations, Director Bernardini moved to (1) approve the engineer's report; (2) approve Pay Estimate No. 1 in the amount of \$39,332.88, payable to R. Miranda Trucking and Construction, LLC, for mobilization, dewatering, and traffic control of the Hidden Falls Detention Pond rehabilitation/modification project; and (3) authorize AEI to conduct a full tank evaluation of the hydropneumatic tank at the Oak Bluff water plant. Director Skarboszewski seconded the motion, which passed by unanimous vote.

MAINTENANCE AND DEVELOPMENT OF PROPOSED PARK TRACT

No update was given on this matter.

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 93.8%.

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.

Director Murr discussed water conservation and applying for the Water Smart Program. Ms. Blackwell reviewed AEI's Water Smart information and posters, and the Board discussed making water conservation presentations to interested schools in the District and at upcoming HOA meetings. The Board concurred to further discuss water conservation education opportunities and approve the Water Smart application at the next Board meeting.

After review and discussion, Director Skarboszewski 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 Bernardini seconded the motion, which carried unanimously.

SALE OF SERIES B GROUNDWATER CREDITS

Ms. Harrington stated that there have been no requests to purchase the District's 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. The Board requested that Sergeant Curry attend the next Board meeting.

ACTION LIST

New Items:

1. AEI will conduct a full inspection of the Oak Bluff hydropneumatic tank.
2. Director Murr will discuss the Water Smart application at the September Board meeting.
3. Sergeant Curry will attend the September Board meeting to discuss security.

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, at the November or December Board meeting.
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 Director 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 early fall and schedule the work for the winter period.
5. Ms. Blackwell will present the updated water and sewer analysis and Board will consider amending the District's Rate Order at the October meeting

REVIEW ACTION LIST

The Board reviewed the action list.

Director Bernardini reported that the HOA is considering conducting an irrigation survey. He also noted that the Harris County Precinct 4 Constable's Office (the "Constable") would like financial assistance from the District and other districts for the cost of expanding and paving the parking lot at the Constable's office at Malcomson Road and Louetta Road, and that a formal request for financial assistance will be forthcoming.

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



A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke extending to the right.

Secretary, Board of Directors

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