

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 18

January 8, 2018

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 8th day of January, 2018, at the offices of AEI Engineering, LLC, 11450 Compaq Center Drive, Suite 660, Houston, Texas 77070, 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 were Lizandro Campos of Sales Revenue, Inc.; 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"); Matt Kelley of AEI Engineering, Inc. ("AEI"); Chris Oliver of Eagle Water Management, Inc. ("Eagle"); and Adisa Harrington and Alyssa Ollwerther of Allen Boone Humphries Robinson LLP ("ABHR").

CONSTABLE SECURITY PATROL MATTERS, INCLUDING RENEWAL OF CONTRACT WITH HARRIS COUNTY FOR DEPUTY SERVICE

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

Sergeant Curry reviewed a proposed Interlocal Agreement for Law Enforcement Services with Harris County. 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.

COMMENTS FROM THE PUBLIC

There were no comments from the public.

MINUTES

The Board considered approving the minutes of the December 11, 2017, regular meeting. After review and discussion, Director Bernardini moved to approve the minutes of the December 11, 2017, regular meeting. Director Skarboszewski 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.

Following review and discussion, Director Bernardini 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

Ms. Harrington 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 Murr 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 Skarboszewski seconded the motion, which passed unanimously.

REVIEW LIST OF LOCAL GOVERNMENT OFFICERS

Ms. Harrington 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 Murr 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 Skarboszewski seconded the motion, which passed by unanimous vote.

REVIEW DISTRICT INFORMATION KIT

The Board reviewed the District's Information Kit. Ms. Harrington stated that ABHR would send the District Information Kit to consultants for review and present the final District Information Kit for approval at the February 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 61.15% of the 2017 taxes had been collected as of December 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.

UPDATE ON SALES TAX MONITORING REPORT FROM SALES REVENUE INC.

Mr. Campos distributed and reviewed the annual sales tax monitoring report, prepared by Sales Revenue Inc., a copy of which is attached. After review and discussion, Director Bernardini moved to approve the sales tax monitoring report. Director Murr seconded the motion, which carried unanimously.

ENGINEER'S REPORT

Mr. Kelley reviewed the engineer's report, a copy of which is attached.

Mr. Kelley gave an update on the Grant Road widening project. He stated that AEI is coordinating with the operator and Harris County on the required modifications to address the utility conflicts identified in the District. Mr. Kelley stated that he would follow up on the sidewalk project related to the road widening.

Mr. Kelley 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.

Mr. Kelley reviewed a revised summary of current and anticipated future capital projects, a copy of which is attached to the engineer's report.

Mr. Kelley updated the Board on the construction of the Hidden Falls Detention Pond rehabilitation/modification project. He stated that a final inspection was held on January 2, 2018, and a punch list was generated for the contractor to address. He added that once the punch list items are completed, the project will be closed out and the one-year warranty period will begin.

Mr. Kelley updated the Board on the rehabilitation of the 20,000-gallon hydropneumatic tank at the Malcomson Road water plant and stated that a final inspection was held on December 13, 2017, and all punch list items were addressed and completed. He reviewed and recommended approval of Pay Estimate No. 1 and Final, in the amount of \$19,500, payable to Blastco Texas, Inc. He also presented a Certificate of Completion and a Certificate of Acceptance from AEI, and recommended acceptance of the project. Mr. Kelley added that the one-year warranty period will expire on December 12, 2018.

Mr. Kelley updated the Board on the recommended replacement of the 12-inch water line that crosses Faulky Gully at Forest Lodge. He stated that AEI estimates the project will cost less than \$75,000 and requested authorization to solicit bids for the replacement of the water line.

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. 1 and Final, in the amount of \$19,500, payable to Blastco Texas, Inc., for the rehabilitation of the 20,000-gallon hydropneumatic tank at the Malcomson Road water plant, and accept the project and Certificates; and (3) authorize AEI to solicit bids for the replacement of the water line across Faulky Gully. Director Bernardini seconded the motion, which passed by unanimous vote.

RENEWAL OF AGREEMENT WITH MALCOMSON ROAD UTILITY DISTRICT FOR SANITARY SEWER LINES

The Board discussed the renewal of the Agreement with Malcomson Road Utility District for Sanitary Sewer Lines. The Board requested AEI and Eagle to obtain more information regarding the sanitary sewer line and report back to the Board next month.

EMERGENCY RESPONSE PLANS

There was no discussion on this matter.

OPERATION OF DISTRICT FACILITIES

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 99.09%, and requested authorization to send three delinquent accounts to a collection agency.

After review and discussion, Director Skarboszewski moved to (1) accept the operator's report; and (2) authorize the operator to send three delinquent accounts to a collection agency. Director Bernardini seconded the motion, which carried unanimously.

HEARING ON TERMINATION OF WATER AND SEWER SERVICE

The Board conducted a hearing on the termination of utility service. Mr. Oliver reported that the residents on the termination list provided to the Board were mailed written notice prior to the meeting in accordance with the District's Rate Order, notifying them of the opportunity to appear before the Board to explain, contest, or correct the utility service bill, and to show reason why utility service should not be terminated for reason of nonpayment. Director Skarboszewski moved that since the residents on the termination list were neither present at the meeting nor had presented any statement on the matter, utility service should be terminated in accordance with the

procedures set forth in the District's Rate Order. Director Bernardini seconded the motion, which carried unanimously.

DISCUSS MAINTENANCE AND ALARM MONITORING FOR WATER PLANTS

The Board discussed the alarm system matters. No action was taken.

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 stated that the NHCRWA monthly meeting is being held at the same time as the District's meeting and therefore he did not have an update on NHCRWA matters.

LAKE FOREST PLANT ADVISORY COUNCIL ("LFPAC")

Director Skarboszewski stated that the next LFPAC meeting will be held on January 9, 2018, and that he will provide an update from the upcoming meeting at the District's next Board meeting.

WEBSITE MATTERS

Director Bernardini stated that he will review the District website before the next meeting. No action was taken.

REVIEW ACTION LIST

The Board reviewed the action list.

2018 DIRECTORS ELECTION

Ms. Harrington discussed procedures related to the 2018 Directors Election. She reviewed a Resolution Designating an Agent of the Secretary of the Board of Directors During the 2018 Directors Election Period. Following review and discussion, Director Murr moved to adopt a Resolution Designating an Agent of the Secretary of the Board During the 2018 Directors Election Period appointing Ms. Alyssa Ollwerther as the agent of the Secretary of the Board of Directors to perform the duties of the District's Directors Election, authorize the agent to post the related notice as required, and direct that the Resolution be filed appropriately and retained in the District's official records. Director Bernardini seconded the motion, which was approved by unanimous vote.

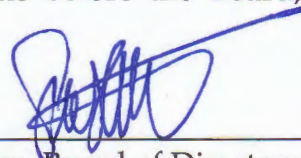
Ms. Harrington reported on requirements to file a Notice of Deadline to File Applications for Place on the Ballot for the 2018 Directors Election. Following

discussion, Director Murr moved to authorize the Secretary's agent to post the notice as required. Director Bernardini seconded the motion, which was approved by unanimous vote.

Ms. Harrington discussed exemptions from using electronic voting systems during the 2018 Directors Election. She stated that the basis of the District's exemption is that the last Directors election was cancelled. Following discussion, Director Murr moved to authorize the Secretary's agent to publish Notice of Exemption in a newspaper of general circulation. Director Bernardini seconded the motion, which was approved by unanimous vote.

Ms. Harrington said that in the event the District does hold an election, the Board should determine the pay for the District's election officials. Following discussion, Director Murr made a motion to set the pay for the election officials for the 2018 Directors Election, should the District hold an election, at \$15.00 per hour. Director Bernardini seconded the motion, which carried unanimously.

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



Secretary, Board of Directors



ACTION LIST

New Items:

1. Mr. Campos will follow up with the bakery in the District regarding the collection of sales tax.
2. AEI will coordinate with the operator and Harris County on the required modifications to address the utility conflicts for the Grant Road widening project. Mr. Kelley will check on the sidewalk related to the road widening.
3. AEI will solicit bids for the replacement of the water line across Faulky Gully.
4. Director Bernardini will review the District website.
5. ABHR will post election notices/documents in the District and with Harris County, as appropriate.

Pending Items:

1. McCann will contact the District's operator whenever the alarm system is triggered, review the alarm settings at the plants, and provide a quarterly alarm system report to ABHR for distribution to the Board and applicable consultants.
2. AEI and Eagle will obtain more information about the sanitary sewer line shared with Malcomson Road Utility District and report back to the Board at the next month.
3. Mr. Oliver will obtain copies of the new NHCRWA water bill insert for review and consideration by the Board.
4. 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.
5. Mr. Kelley 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.
6. The Board will review the Water and Sewer Rate Analysis at the February 2018 Board meeting and consider amending the District's Rate Order.

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