

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 18

February 12, 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 12th day of February, 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 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").

COMMENTS FROM THE PUBLIC

There were no comments from the public.

MINUTES

The Board considered approving the minutes of the January 8, 2018, regular meeting. After review and discussion, Director Bernardini moved to approve the minutes of the January 8, 2018, regular meeting as revised. Director Swann seconded the motion, which passed unanimously.

CONSTABLE SECURITY PATROL MATTERS

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

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.

DISCUSS ASSOCIATION OF WATER BOARD DIRECTORS ("AWBD") WINTER CONFERENCE, APPROVE REIMBURSEMENT OF ELIGIBLE EXPENSES, AND AUTHORIZE ATTENDANCE AT SUMMER CONFERENCE

The Board discussed the AWBD winter conference. Ms. Austin noted the expenses were submitted in accordance with the District's Travel Reimbursement Guidelines. After review and discussion, Director Bernardini moved to approve reimbursement of eligible expenses for the winter conference and authorize all interested Directors to attend the AWBD summer conference. Director Murr seconded the motion, which passed unanimously.

APPROVE DISTRICT INFORMATION KIT

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

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 89.90% of the 2017 taxes had been collected as of January 31, 2018. 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 Skarboszewski 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

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 is still working to confirm the status of the sidewalk along Grant Road with Harris County Precinct 3 or 4.

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 recommended replacement of the 12-inch water line that crosses Faulky Gully at Forest Lodge. He stated that AEI is currently preparing the solicitation package. He added that AEI is tentatively scheduled to solicit bids in the spring, dependent on agency reviews.

Mr. Kelley presented several water and sewer rate analysis scenarios for the Board's review. After review and discussion, the Board requested that Mr. Kelley revise the scenarios as discussed, and present the revised analysis scenarios at the next Board meeting.

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.

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 ("Malcomson Road UD") for Sanitary Sewer Lines. Mr. Kelley reported that the agreement currently provides that the District pays 27% of the costs for the sanitary sewer lines, but the actual capacity given to the District is closer to 4.5% to 6%. Mr. Kelley also reviewed the District's connections and stated that the District contributes roughly 13.5% of the flow, while Malcomson Road UD contributes the remaining 86.4% of the flow. After discussion, the Board requested that ABHR and AEI coordinate with the attorney and engineer for Malcomson Road UD to prepare an amendment to the agreement.

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 92.38%.

Mr. Oliver updated the Board on the repair that is underway at water plant no. 1.

The Board discussed the fire hydrants and manholes in the District and considered conducting a survey of both. No action was taken.

Mr. Oliver updated the Board on the flushing of hydrants in the Heatherwood section of the District. Discussion ensued and the Board requested that Mr. Oliver coordinate with Director Skarboszewski regarding potential causes of the ongoing water quality issues in Heatherwood.

Mr. Oliver updated the Board on a request he received from a contractor for Hamilton Elementary School for relocation of a fire line at the school. Discussion ensued.

After review and discussion, Director Skarboszewski moved to (1) accept the operator's report; and (2) direct Eagle and AEI to work with the school district's engineer regarding the fire line relocation project and allow the relocation work to begin, contingent upon AEI's approval of the project and collection of the appropriate tap installation fee. 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

No action was taken on this agenda item.

SALE OF SERIES B GROUNDWATER CREDITS

Ms. Harrington stated that ABHR received an inquiry from a buyer of Series B groundwater credits but that the buyer has not offered to purchase any of the District's groundwater credits.

NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY ("NHCRWA")

Director Murr reported on the most recent NHCRWA monthly meeting.

LAKE FOREST PLANT ADVISORY COUNCIL ("LFPAC")

Director Skarboszewski reported on the most recent LFPAC meeting.

WEBSITE MATTERS

The Board discussed the District website and potentially adding a Frequently Asked Questions section.

REVIEW ACTION LIST

The Board reviewed the action list. Director Murr reported on debris and rutting on the park tract.

2018 DIRECTORS ELECTION

Ms. Harrington presented and reviewed an Order Calling Directors Election. After review and discussion, Director Bernardini moved to adopt the Order Calling Directors Election and direct that the Order be filed appropriately and retained in the District's official records. Director Swann seconded the motion, which carried unanimously.

The Board considered authorizing the Notice of Election. After review and discussion, Director Bernardini moved to authorize the Secretary's agent to post or publish and provide to the County Clerk and Voter Registrar the Notice of Election, if required. Director Swann seconded the motion, which carried unanimously.

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



Valery Salas
Asst. Secretary, Board of Directors

ACTION LIST

New Items:

1. Mr. Kelley will work with Harris County Precinct 3 or 4 regarding the financing of the sidewalk along Grant Road.
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.
3. AEI will prepare the solicitation package for the replacement of the water line across Faulky Gully.
4. ABHR and AEI will coordinate with the attorney and engineer for Malcomson Road UD to prepare an amendment to the agreement
5. Eagle will coordinate with Director Skarboszewski regarding potential causes of the ongoing water quality issues in Heatherwood.
6. AEI and Eagle will work with the school district engineer regarding the fire line relocation.
7. ABHR will prepare appropriate documentation to appoint a new director at the March meeting.
8. ABHR will update the District's meeting calendar to reflect an item to discuss exemptions from taxation at the August and January Board meetings.
9. Mr. Kelley will update the water and sewer rate analysis scenarios.
10. Director Bernardini will review the District website.

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. 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. 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.

4. The Board will review the Water and Sewer Rate Analysis at the March 2018 Board meeting and consider amending the District's Rate Order.

LIST OF ATTACHMENTS TO MINUTES

	<u>Page</u>
Security report	1
Bookkeeper's report.....	2
Tax assessor/collector's report	2
Delinquent tax roll	2
Engineer's report.....	2
Operator's report.....	4