

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 18

March 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 March, 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 except Director Murr, thus constituting a quorum.

Also present at the meeting were Sergeants Tim Westmoreland and 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

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

COMMENTS FROM THE PUBLIC

There were no comments from the public.

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.

MINUTES

The Board considered approving the minutes of the February 12, 2018, regular meeting. After review and discussion, Director Bernardini moved to approve the minutes of the February 12, 2018, regular meeting as submitted. Director Swann seconded the motion, which passed unanimously.

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 96.39% of the 2017 taxes had been collected as of February 28, 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.

AUTHORIZE CONSULTANTS TO RESEARCH UNCLAIMED PROPERTY AND AUTHORIZE TAX ASSESSOR/COLLECTOR TO PREPARE AN UNCLAIMED PROPERTY REPORT AS OF JUNE 30, 2018, FOR THE PERIOD ENDING JUNE 30, 2015

Ms. Luevano requested authorization to prepare an unclaimed property report as of June 30, 2018, for the period ending June 30, 2015, and to coordinate with other District consultants as needed in researching unclaimed property for the report. Following discussion, Director Bernardini moved to authorize Ms. Luevano to prepare the report and coordinate with other District consultants as needed in researching unclaimed property for the report. Director Swann seconded the motion, which passed by unanimous vote.

RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

The Resolution was adopted at the February 12, 2018 board meeting, so no further action was needed.

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 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 the contractor has addressed the deficiencies and AEI is waiting on the turf establishment on the CenterPoint easement before 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 stated that AEI is still reviewing several water and sewer rate analysis scenarios for the Board's review.

Mr. Kelley updated the Board on the sanitary sewer rehabilitation, phase 6. He stated that the one-year warranty review was held on March 6, 2018. Mr. Kelley added that the contractor is currently performing the one-year televising of the rehabilitated lines, which will then be reviewed for warranty issues.

Mr. Kelley updated the Board on the sanitary manhole evaluation. He reported that AEI is working with the operator on the evaluation of manholes and plan to have costs to present at the next meeting.

After review and discussion, and based upon the engineer's recommendations, Director Bernardini moved to approve the engineer's report. Director Skarboszewski 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 AEI reached out to Malcomson Road UD's engineer regarding the existing agreement. He stated that the next Malcomson Road UD Board of Directors meeting is on March 14, 2018, and that their engineer will present the information to the Board at that time.

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 102.5%.

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 regarding potential causes of the ongoing water quality issues in Heatherwood.

Mr. Oliver discussed the annual report on implementation of the Water Conservation Plan and stated it is being prepared.

Ms. Harrington reviewed the District's Drought Contingency Plan ("Plan"). She stated the District's consultants are recommending no changes be made to the Plan. The Board concurred that no changes were necessary to the current Plan at this time.

After review and discussion, Director Skarboszewski moved to (1) accept the operator's report; and (2) approve the annual report on implementation of the Water Conservation Plan, subject to finalization. Director Bernardini seconded the motion, which carried unanimously.

Director Bernardini updated the Board on a recent presentation that he and Director Murr made at Hamilton Elementary School regarding water conversation.

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.

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 there were no inquiries from buyers of Series B groundwater credits.

NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY (“NHCRWA”)

The Board reviewed a letter from the NHCRWA regarding the Rate Order and updated Pricing Policy for the NHCRWA, a copy of which is attached.

LAKE FOREST PLANT ADVISORY COUNCIL (“LFPAC”)

Director Skarboszewski reported on the most recent LFPAC meeting.

WEBSITE MATTERS

The Board discussed the District website.

REVIEW ACTION LIST

The Board reviewed the action list.

2018 DIRECTORS ELECTION

Ms. Harrington discussed procedures related to the 2018 Directors Election. She presented a Certificate Declaring Unopposed Status of Candidates for Election to the Board of Directors executed by the Secretary’s agent stating that the District received three candidate applications for the three director positions for the May 5, 2018, Directors Election. Following review and discussion, Director Skarboszewski moved to accept the Certificate Declaring Unopposed Status of Candidates for Election to the Board of Directors and direct that the Certificate be filed appropriately and retained in the District’s official records. Director Swann seconded the motion, which passed unanimously.

Ms. Harrington presented an Order Cancelling Election and Declaring Unopposed Candidates Elected to Office stating that the May 5, 2018, Directors Election is cancelled and that the unopposed candidates, Michael Murr and Karl Skarboszewski, are declared elected to office to serve from the May 5, 2018, election until the May 7, 2022, Directors Election. Following review and discussion, Director Skarboszewski moved to adopt the Order Cancelling Election and Declaring Unopposed Candidates Elected to Office and direct that the Order be filed appropriately and retained in the District’s official records. The motion was seconded by Director Swann and passed unanimously.

APPOINT NEW DIRECTOR AND APPROVE RELATED DOCUMENTS

The Board considered appointing a new director. Charlie Kennedy, Jr. was introduced as a person both willing and qualified to serve on the Board of Directors. After discussion, Director Skarboszewski moved to appoint Charlie Kennedy, Jr. to the Board and to approve his Sworn Statement, Official Bon and Oath of Office. The motion was seconded by Director Bernardini and carried by unanimous vote.

REORGANIZE THE BOARD AND ELECT OFFICERS AND AUTHORIZE FILING OF DISTRICT REGISTRATION FORM

The Board next considered reorganization of the Board. After discussion, Director Skarboszewski moved to reorganize the Board as follows:

Robert A. Bernardini	President
Karl Skarboszewski	Vice President
Michael L. Murr	Secretary
Charlie Kennedy, Jr.	Assistant Vice President
Vally Swann	Assistant Secretary

Director Bernardini seconded the motion, which was approved by unanimous vote.

The Board next considered authorizing the filing of the District Registration Form with the Texas Commission on Environmental Quality. After discussion, Director Skarboszewski moved to authorize filing of the District Registration Form. Director Bernardini seconded the motion, which was approved by unanimous vote.

OPEN MEETINGS ACT AND PUBLIC INFORMATION ACT TRAINING REQUIREMENTS

Ms. Harrington reviewed a Memorandum from ABHR regarding Open Meetings Act and Public Information Act Training Requirements. She reported that, effective January 1, 2006, the Texas Legislature requires each elected or appointed public official to complete a course of training of not less than one and not more than two hours regarding the responsibilities of the governmental body and its members under the Texas Open Meetings Act, Chapter 551, Government Code.

CONFLICT OF INTEREST DISCLOSURE REQUIRED UNDER CHAPTER 176 OF THE TEXAS LOCAL GOVERNMENT CODE REVIEW LIST OF LOCAL GOVERNMENT OFFICIALS PURSUANT TO CHAPTER 176 OF THE TEXAS LOCAL GOVERNMENT CODE

Ms. Harrington reviewed Chapter 176 of the Texas Local Government Code, which requires directors and consultants to disclose certain conflicts of interest. She reviewed the forms adopted by the Texas Ethics Commission for making disclosures under Chapter 176 and noted that the forms are required to be filed with the records administrator for the District within 7 days of a disclosable conflict arising. Ms. Harrington explained that failure to make a disclosure required under Chapter 176 is a Class C misdemeanor. She encouraged the Board to contact ABHR if assistance is needed in determining whether a conflict requires disclosure or in making a required disclosure.

Ms. Harrington then reviewed the List of Local Government Officers. After review and discussion, Director Skarboszewski 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 Bernardini seconded the motion, which passed by unanimous vote.

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



Secretary, Board of Directors

(SEAL)



ACTION LIST

New Items:

1. Ms. Luevano will prepare the unclaimed property report and coordinate with other District consultants as needed in researching unclaimed property for the report.
2. Eagle will continue to work on the water quality in Heatherwood Village.

Pending Items:

1. Mr. Kelley will update the water and sewer rate analysis scenarios.
2. ABHR and AEI will coordinate with the attorney and engineer for Malcomson Road UD to prepare an amendment to the agreement
3. AEI will prepare the solicitation package for the replacement of the water line across Faulky Gully.
4. AEI will coordinate with the operator and Harris County on the required modifications to address the utility conflicts for the Grant Road widening project
5. Mr. Kelley will work with Harris County Precinct 3 or 4 regarding the financing of the sidewalk along Grant Road.
6. 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.
7. Director Bernardini will work on website updates as needed.
8. 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.
9. 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.
10. The Board will review the Water and Sewer Rate Analysis at the March 2018 Board meeting and consider amending the District's Rate Order.

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