

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 18

June 11, 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 11th day of June, 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:

Robert A. Bernardini	President
Karl Skarboszewski	Vice President
Michael L. Murr	Secretary
Charlie Kennedy, Jr.	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"); T. R. Riley of Eagle Water Management, Inc. ("Eagle"); and Adisa Harrington and Faye Simonds 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 April 30, 2018, special meeting and May 14, 2018, regular meeting. After review and discussion, Director Bernardini moved to approve the minutes of the April 30, 2018, special meeting and May 14, 2018, regular meeting as presented. Director Skarboszewski 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.

RENEWAL OF DISTRICT'S INSURANCE POLICIES

Ms. Harrington stated the District's insurance policies with W.I.N. through Arthur J. Gallagher & Co. expire on August 12, 2018. She reported Arthur J. Gallagher & Co. was unable to provide a renewal quote prior to the meeting. The Board deferred action on this agenda item.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Austin reviewed the bookkeeper's report, including the energy consumption report and budget comparison, and presented the District's bills for payment. A copy of the bookkeeper's report is attached. After review and discussion, Director Bernardini moved to approve the bookkeeper's report and payment of the bills. Director Skarboszewski seconded the motion, which passed 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 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 the Bermuda seed applied has not shown signs of growth, and that the contractor has been notified and will need to reseed the pond before AEI will recommend final payment.

Mr. Kelley updated the Board on the recommended replacement of the 12-inch water line that crosses Faulkey Gully at Forest Lodge. He stated that AEI has submitted the plans to the state and local agencies for review and approval, and that AEI will request Board authorization to advertise for bids for the project once the plans are approved.

Mr. Kelley updated the Board on the sanitary sewer rehabilitation, phase 6. He stated AEI has reviewed the videos submitted and found no warranty items. He added that the video of the remaining 14 segments will be reviewed by AEI for warranty issues once submitted.

Mr. Kelley reported AEI has notified the engineer representing Public Storage on Louetta Road of the Board's decision to authorize a service request feasibility study subject to receipt of a deposit in the amount of \$5,000 from Public Storage.

Mr. Kelley updated the Board on the sanitary manhole evaluation project. He reported that the design is underway, with plans to solicit bids within the next month.

Mr. Kelley reported that AEI has received plans for a proposed office park located on Grant Road. He stated that AEI had reviewed the plans and issued a comment letter to the developer and their engineer. A copy of the letter is attached to the engineers report.

Director Bernardini stated that he received a letter from Mr. Dale Collins requesting that the park tract be deeded back to him and enclosing a Deed without Warranty for the District's execution. Discussion ensued regarding mowing of the park tract. The Board requested ABHR review the Deed without Warranty and add an agenda item to consider this request at the next regular meeting.

After review and discussion, Director Skarboszewski moved to (1) approve the engineer's report; and (2) authorize ABHR to send a letter to Storm Maintenance and Monitoring, Inc. regarding termination of the Service Agreement for mowing of the park tract and direct that the letter be filed appropriately and retained in the District's official records. Director Swann seconded the motion, which passed by unanimous vote.

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

The Board discussed the renewal of the Agreement with Malcomson Road Utility District ("Malcomson Road UD") for Sanitary Sewer Line. Ms. Harrington reported that ABHR is working with the attorney for Malcomson Road UD to prepare the necessary amendment, which will include the agreed upon, updated pro rata capacity shares for the District and Malcomson Road UD.

EMERGENCY RESPONSE PLANS

There was no discussion on this matter.

OPERATION OF DISTRICT FACILITIES

Mr. Riley 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 97.7%. He then reviewed a list of options for sending eblasts to residents, a copy of which is attached.

Mr. Riley reported that Eagle was notified by North Harris County Regional Water Authority (“NHCRWA”) and its construction contractor that a sanitary sewer line from Hamilton Elementary School under Grant Road conflicts with the new surface water line and thus the sanitary sewer line needs to be relocated. Ms. Harrington reviewed the Water Supply and Waste Disposal Contract between the District and Cypress-Fairbanks Independent School District (“Cy-Fair ISD”), and reported the sanitary sewer line is Cy-Fair ISD’s responsibility. The Board requested that Eagle notify the NHCRWA that Cy-Fair ISD, not the District, is responsible for relocating the line.

After review and discussion, Director Bernardini moved to accept the operator’s report. Director Skarboszewski 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. Riley 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 Bernardini moved that, because 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, and direct that the delinquent customer list be filed appropriately and retained in the District’s official records. Director Skarboszewski seconded the motion, which carried unanimously.

MAINTENANCE AND ALARM MONITORING FOR WATER PLANTS

Mr. Riley updated the Board on the maintenance and alarm monitoring for both water plants. No action was taken.

SALE OF SERIES B GROUNDWATER CREDITS

Ms. Harrington stated that there were no inquiries from buyers of Series B groundwater credits.

NHCRWA MATTERS

Director Murr reported on NHCRWA matters.

LAKE FOREST PLANT ADVISORY COUNCIL (“LFPAC”) MATTERS

Director Skarboszewski reported on the most recent LFPAC meetings. Ms. Harrington reviewed a proposed Agreement for Operation and Maintenance of Regional Wastewater Treatment Facilities and requested the Board approve the agreement, subject to ABHR final review. Following discussion, Director Bernardini

moved to approve the Agreement for Operation and Maintenance of Regional Water Treatment Facilities subject to ABHR final review, and direct that the Agreement be filed appropriately and retained in the District's official records. Director Skarboszewski seconded the motion, which carried unanimously.

WEBSITE MATTERS

Director Bernardini updated the Board on website matters.

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 98.21% of the 2017 taxes had been collected as of May 31, 2018.

Ms. Luevano reported the District's preliminary value for the 2018 tax year is \$306,338,573.

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.

AUTHORIZE DELINQUENT TAX ATTORNEY TO PROCEED WITH COLLECTION OF DELINQUENT TAXES

Ms. Harrington stated that, as of July 1, 2018, the District's delinquent tax attorney can begin collection of real property taxes that are delinquent. After discussion, Director Bernardini moved that the Board authorize the delinquent tax attorney to proceed with the collection of delinquent real property taxes. Director Swann seconded the motion, which passed unanimously.

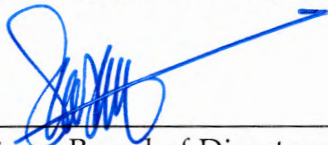
REVIEW ACTION LIST

The Board reviewed the action list.

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

(SEAL)




Secretary, Board of Directors

ACTION LIST

New Items:

1. ABHR will review the Deed without Warranty for the park tract.
2. Eagle will notify the NHCRWA that Cy-Fair ISD, not the District, is responsible for relocating the line.

Pending Items:

1. ABHR will obtain a renewal proposal from Arthur J. Gallagher & Co. for review at the next Board meeting.
2. AEI will conduct a service request feasibility study for the Public Storage tract on Louetta Road.
3. Under AEI'S supervision, the contractor will remove the tree covering the manhole at 14703 Cedar Point Drive and replace it with a 30-gallon tree to be located further away from the manhole.
4. AEI will review the video of the remaining 14 segments of the one-year televising of rehabilitated sanitary lines for the sanitary sewer rehabilitation, phase 6 project to determine if there are any warranty issues.
5. Under AEI's supervision, the contractor will repair manholes in the District, at a cost not to exceed \$50,000.
6. Eagle will present a proposal for gate and fence repairs at Oak Bluff water plant.
7. Eagle will investigate options for providing online registration for customers who open new accounts in the District.
8. Eagle will invoice CenterPoint for the cost of repair to a District waterline and related water loss.
9. Eagle will continue to work on the water quality in Heatherwood Village, including a temporary switch from chloramine to chlorine disinfection.
10. ABHR and AEI will coordinate with the attorney and engineer for Malcomson Road UD to finalize the new sanitary sewer line agreement.
11. AEI will prepare the solicitation package for the replacement of the water line across Faulkey Gully.
12. AEI will coordinate with the operator and Harris County on the required modifications to address the utility conflicts for the Grant Road widening project.

LIST OF ATTACHMENTS TO MINUTES

	<u>Page</u>
Security report.....	1
Bookkeeper's report.....	2
Engineer's report.....	2
Operator's report	3
List of options for sending eblasts to residents	3
Tax assessor/collector's report	5