

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 18

July 9, 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 9th day of July, 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 June 11, 2018, regular meeting and June 13, 2018, special meeting. After review and discussion, Director Skarboszewski moved to approve the minutes of the June 11, 2018, regular meeting and June 13, 2018, special meeting as presented. Director Murr 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.

AUTHORIZE RENEWAL OF DISTRICT'S INSURANCE POLICIES

Ms. Harrington presented and reviewed the District's insurance policies with W.I.N. through Arthur J. Gallagher & Co. ("W.I.N.") that expire on August 12, 2018. Discussion ensued regarding the increase in the premium and whether to solicit new proposals from additional insurance providers. Following review and discussion, Director Skarboszewski moved to (1) accept the proposal from W.I.N. and direct that the proposal be filed appropriately and retained in the District's official records; and (2) authorize ABHR to solicit for new proposals from additional insurance providers in May 2019. Director Bernardini seconded the motion, which passed unanimously with Director Murr abstaining.

Director Murr requested ABHR provide a breakdown of the percentage increase in the insurance premium year on year.

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

The Board discussed the AWBD summer conference held in San Antonio. Ms. Austin stated the expenses submitted were in accordance with the District's Travel Reimbursement Guidelines. After review and discussion, Director Bernardini moved to (1) approve reimbursement of eligible expenses for the summer conference, which were submitted in accordance with the District's Travel Reimbursement Guidelines; and (2) authorize interested directors to attend the AWBD winter conference. Director Skarboszewski seconded the motion, which carried by unanimous vote.

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. The Board discussed the capital improvement reserve and the capital improvement project expense on the adopted budget.

After review and discussion, Director Skarboszewski moved to (1) approve the bookkeeper's report and payment of the bills; and (2) authorize DDS to increase the capital project improvement reserve to \$636,461 to reflect the amount under capital improvement project expense on the adopted budget. Director Bernardini 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 has received and reviewed plans from the engineer for Cypress-Fairbanks Independent School District ("Cy-Fair ISD") regarding the sanitary sewer line from Hamilton Elementary School under Grant Road which conflicts with the North Harris County Regional Water Authority ("NHCRWA") water line. He reported AEI has issued a letter of no objection, a copy of which is attached to the engineer's report. Mr. Riley reported that Cy-Fair ISD has cut and capped their sewer line and were hauling effluent from their wet well and dumping offsite. Mr. Riley added the effluent was not being dumped into the District's system.

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 summary of current and anticipated future capital projects and stated there were no changes, 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 contractor has reseeded the pond with Bermuda grass. He added that once vegetation is established, AEI will recommend final payment and begin the warranty period.

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 and specifications to the state and local agencies for review and approval. AEI requested authorization to advertise for bids for the replacement of the 12-inch water line, subject to approval of plans by all necessary agencies.

Mr. Kelley updated the Board on the sanitary sewer rehabilitation, phase 6. He stated AEI has reviewed the remaining 14 segments of videos submitted and found no warranty items. AEI issued an Acceptance Certificate on July 13, 2018, a copy of which is attached to the engineer's report.

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 couple of months.

Mr. Kelley reported that AEI has received revised plans for a proposed office park located on Grant Road. He stated that AEI has issued a letter of no objection, a copy of the letter is attached to the engineer's report.

Mr. Kelley reported that AEI, Eagle and Director Skarboszewski inspected the District's water plants to evaluate the facilities and equipment for future maintenance. He reviewed cost estimates for electrical upgrades to the District's water plants, copies of which are attached to the engineer's report. Discussion ensued regarding the options available. The Board requested AEI present further information regarding the options for electrical upgrades at the next meeting.

After review and discussion, Director Bernardini moved to (1) approve the engineer's report; and (2) authorize the engineer to advertise for bids for replacement of the 12-inch water line that crosses Faulkey Gully at Forest lodge, subject to approval of plans by all necessary agencies. Director Murr seconded the motion, which passed by unanimous vote.

DISCUSS BETTY LOU PARK AND AUTHORIZE APPROPRIATE ACTION

Ms. Harrington stated that the Deed of Warranty provided by Mr. Dale Collins has been reviewed and amended by ABHR and currently is with Mr. Collins' attorney for execution. Ms. Harrington added that the Service Agreement with Storm Maintenance and Monitoring, Inc., for mowing the park has been terminated effective July 14, 2018.

Director Bernardini reported he spoke with Mr. Dale Collins, who stated once the park has been deeded back to him, he will arrange for the person who used to mow the park tract to resume mowing and harvesting hay. Discussion ensued regarding the continued monthly mowing of a 16' utility easement between Hidden Falls subdivision to and North Eldridge Parkway. The Board concurred that Eagle and Director Murr should coordinate a visit to the site, and Eagle present a proposal for the continued monthly mowing of the 16' utility easement to the Board at the next meeting.

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

Ms. Harrington reviewed a proposed Joint Sanitary Sewer Line Agreement between Malcomson Road Utility District ("Malcomson Road UD") and the District and requested the Board approve the agreement, subject to ABHR final review. Following discussion, Director Bernardini moved to approve the Joint Sanitary Sewer Line Agreement with Malcomson Road UD, 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.

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 95.49%.

Mr. Riley presented the current and proposed rates from Eagle, a copy of which is attached to the operator's report. The Board concurred to discuss the proposed Second Amendment to the Service Agreement with Eagle and amendments to the District's Rate Order to reflect the proposed new rates at the next meeting.

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

There was no discussion on this matter.

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. He requested Eagle obtain water conservation brochures from NHCRWA for inclusion in the District's water bills.

LAKE FOREST PLANT ADVISORY COUNCIL ("LFPAC") MATTERS

Director Skarboszewski reported on the most recent LFPAC meetings.

WEBSITE MATTERS

Director Bernardini updated the Board on website matters. Ms. Harrington confirmed that 49 residents have submitted their email address to receive email blasts.

REVIEW ACTION LIST

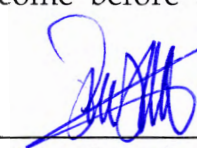
The Board reviewed the action list.

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 98.37% of the 2017 taxes had been collected as of June 30, 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.

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



Secretary, Board of Directors

(SEAL)



ACTION LIST

New Items:

1. ABHR will provide a breakdown of the percentage increase in the insurance premium year on year and add solicit for new proposals from additional insurance providers in May 2019 to the District's calendar.
2. ABHR will research Red Flag program regarding Eagle providing online registration for customers who open new accounts in the District.
3. AEI will present further information regarding cost estimates for electrical upgrades to the District's water plants at the next meeting.
4. Eagle and Director Murr will coordinate a visit to the 16' utility easement site and Eagle will provide a proposal for the continued monthly mowing of the same at the next meeting.
5. ABHR and Eagle will review the District's Rate Order for proposed amendments.
6. Eagle will obtain water conservation brochures from NHCRWA for insertion in the District's water bills.

Pending Items:

1. ABHR will coordinate with Mr. Dale Collin's attorney to finalize the Deed without Warranty for the park tract.
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. Under AEI's supervision, the contractor will repair manholes in the District, at a cost not to exceed \$50,000.
5. Eagle will investigate options for providing online registration for customers who open new accounts in the District.
6. ABHR will coordinate with the attorney and engineer for Malcomson Road UD to finalize the new sanitary sewer line agreement.
7. AEI will solicit bids for the replacement of the water line across Faulkey Gully.

8. AEI will coordinate with the operator and Harris County on the required modifications to address the utility conflicts for the Grant Road widening project.

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