

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 18

September 10, 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 10th day of September, 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; Anthea Moran of Masterson Advisors LLC ("Masterson"); 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").

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. Ms. Harrington stated ABHR received a form requesting verification of information regarding renewal of the Law Enforcement Agreement between Harris County and the District, which expires February 28, 2019. Discussion ensued regarding whether the District requires additional security. The Board concurred to maintain the current security staffing level and consider pricing for additional security next year. Following discussion, Director Bernardini moved to authorize ABHR to submit the verification of information form regarding renewal of the Enforcement Agreement between Harris County and the District and direct that the verification of information form be filed appropriately and retain in the District's official records. Director Swann seconded the motion, which passed unanimously.

COMMENTS FROM THE PUBLIC

There were no comments from the public.

MINUTES

The Board considered approving the minutes of the August 13, 2018, regular meeting. After review and discussion, Director Skarboszewski moved to approve the minutes of the August 13, 2018, regular meeting as presented. Director Bernardini seconded the motion, which passed unanimously.

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.

AUTHORIZE BOOKKEEPER TO SEND INVOICE TO JECOBIAN AND RACHEL RICHARDSON FOR ANNUAL FEE PURSUANT TO THE OUT-OF-DISTRICT SERVICE AGREEMENT

The Board discussed the annual fee pursuant to the Out-of-District Service Agreement. Discussion ensued regarding whether the tax assessor/collector should send the invoice. Following review and discussion, Director Skarboszewski moved to authorize the tax assessor/collector to send an invoice to Jacobian and Rachel Richardson for the annual fee pursuant to the Out-of-District Service Agreement. Director Bernardini 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 98.78% of the 2017 taxes had been collected as of August 31, 2018.

Following review and discussion, Director Bernardini moved to approve the tax assessor/collector's report and payment of the tax bills. Director Skarboszewski seconded the motion, which carried unanimously.

DISCUSS 2018 TAX RATE, SET PUBLIC HEARING DATE, AND AUTHORIZE NOTICE OF PUBLIC HEARING REGARDING ADOPTION OF TAX RATE

Ms. Moran distributed and reviewed the District's 2018 tax rate analysis, a copy of which is attached. Discussion ensued regarding current and future District projects and whether to consider reducing the homestead exemptions provided to homeowners who are over age 65 and/or disabled. Following review and discussion, Director

Skarboszewski moved to (1) set a proposed 2018 tax rate of \$0.38 per \$100 of assessed valuation to provide for maintenance and operations; (2) set a public hearing for October 8, 2018, at 6:00 p.m.; and (3) authorize the tax assessor/collector to publish notice of the public hearing. 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 Harris County's contractor notified AEI of a conflict with a water line near the District's water plant at Malcomson Road. Mr. Riley stated that the water line will be shut off for one day for the work to be completed by Eagle, which will affect commercial customers in the strip center located at the corner of Malcomson Road and Grant Road. The Board concurred to have Eagle disconnect the water line early next week and requested that Eagle notify affected customers as soon as possible this week of the shut-off date.

Mr. Kelley reviewed a summary of current and anticipated future capital projects, a copy of which is attached to the engineer's report. Mr. Kelley stated he will be updating the contract amount for the sanitary sewer system manhole rehabilitation project. The Board requested AEI also remove Collins Park Improvements from the list.

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 updated the Board on the construction of the Hidden Falls Detention Pond rehabilitation/modification project. He stated AEI has not yet received the contractor's final pay request. He added AEI has provided feedback to the developer's landscape architect on the waterfall improvements and is awaiting revised plans.

Mr. Kelley updated the Board on the recommended replacement of the 12-inch water line that crosses Faulkey Gully at Forest Lodge. He stated AEI will advertise for bids once approval of plans by all necessary agencies has been received.

Mr. Kelley updated the Board on the sanitary manhole evaluation project. Mr. Kelley stated bids were received for the sanitary sewer manhole evaluation. He recommended that the Board award the contract to T. Gray Utilities in the amount of \$48,693. The Board concurred that, in its judgment, T. Gray Utilities was a responsible bidder who would be most advantageous to the District and would result in the best and most economical completion of the project.

Mr. Kelley updated the Board on the District's water plant electrical improvements. He reported that design is underway.

Mr. Kelley updated the Board on the 50% plans from Harris County Flood Control District ("HCFCD") showing the proposed repairs to Faulkey Gully following Hurricane Harvey. He reported AEI reviewed the plans and has provided comments to HCFCD's engineer. He added AEI is currently awaiting revised plans. Discussion ensued regarding options for accessing Faulkey Gully and the anticipated timing and length of the repair work. The Board requested that AEI follow up with HCFCD to obtain additional information about the project and concurred to consider posting notice of the proposed repairs on the District's website.

Mr. Kelley reviewed a proposed feasibility study for Public Storage. Discussion ensued regarding parameters for the proposed annexation. Mr. Kelley reported the feasibility study highlighted 14922 Oak Bluff Drive as being in the middle of the District, but out-of-District. The Board requested that AEI contact Public Storage to schedule a special meeting to discuss parameters for annexation before finalization of the feasibility study and that the operator investigate whether 14922 Oak Bluff Drive is receiving water from the District.

Following review and discussion, Director Skarboszewski moved to (1) approve the engineer's report; and (2) award the contract for the sanitary sewer manhole evaluation to T. Gray Utilities in the amount of \$48,693, based upon the engineer's recommendation and subject to approval of the payment and performance bonds and verification of insurance. Director Kennedy seconded the motion, which passed by unanimous vote.

EMERGENCY RESPONSE PLANS

The Board deferred action on this agenda item until the October meeting.

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 98.31%. He noted that the District's surface water usage for the month is estimated due to the regional water authority meter not working properly.

The Board requested Eagle provide the District's water usage information to Director Bernardini for posting on the District's website.

After review and discussion, Director Bernardini moved to accept the operator's report. Director Swann seconded the motion, which carried unanimously.

AUTHORIZE EXECUTION OF SERVICE AGREEMENT WITH LAWNS AND MORE

The Board deferred action on this agenda item, pending finalization of the scope of work exhibit for the Service Agreement.

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 Swann seconded the motion, which carried unanimously.

APPROVE PARTICIPATION IN WATER SMART PROGRAM AND AUTHORIZE EXECUTION OF WATER SMART APPLICATION

The Board considered participating in the Water Smart Program. After discussion, Director Bernardini moved to approve the District's participation in the Water Smart Program and authorize execution and submittal of the Water Smart Program application once it is finalized. Director Skarboszewski seconded the motion, which carried unanimously.

SCHEDULE TOUR OF WASTEWATER TREATMENT PLANT

The Board deferred this agenda item to February.

SALE OF SERIES B GROUNDWATER CREDITS

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

NHCRWA MATTERS

There was no discussion on this matter.

LAKE FOREST PLANT ADVISORY COUNCIL ("LFPAC") MATTERS

Director Skarboszewski reported on the most recent LFPAC meetings.

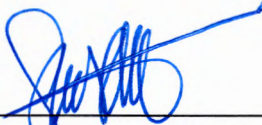
WEBSITE MATTERS

The Board reviewed the monthly activity report, a copy of which is attached. Director Bernardini updated the Board on website matters. Ms. Harrington added that Off Cinco has confirmed that 68 residents are now registered to receive email blasts.

REVIEW ACTION LIST

The Board reviewed the action list.

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 submit the verification of information form to Harris County Constable, Precinct 4, regarding renewal of the Law Enforcement Agreement.
2. Ms. Luevano will send an invoice to Jacobian and Rachel Richardson in accordance with the Out-of-District Agreement.
3. Ms. Luevano will publish the notice of public hearing for the 2018 tax rate.
4. Eagle will notify affected commercial customers of the upcoming interruption in water service due to the Grant Road widening project.
5. AEI will update the contract amount for the sanitary sewer system manhole rehabilitation project and remove Collins Park Improvements from the summary of current and anticipated future capital projects
6. AEI will obtain information from HCFCD regarding the proposed access, timing and length of the repairs to Faulkey Gully and the Board will consider posting notice of the proposed repairs on the District's website.
7. AEI will coordinate a special meeting with Public Storage to discuss the parameters for the proposed annexation.
8. Eagle will investigate whether 14922 Oak Bluff Drive is receiving water service from the District.
9. Eagle will provide the District's average water usage information to Director Bernardini for posting on the District's website.
10. Eagle will sort the termination list by dollar amount on a going forward basis.

Pending Items:

1. ABHR will finalize the Service Agreement with Lawns and More upon receipt of the final scope of work exhibit for the Agreement.
2. AEI will design the water plant electrical improvements.
3. Under AEI's supervision, the contractor will repair sanitary sewer manholes in the District, at a cost not to exceed \$50,000.
4. AEI will coordinate removal of the tree covering the manhole at 14703 Cedar Point Drive and replacement with a 30-gallon tree to be located further away from the manhole.

5. ABHR will follow up with the attorney for Malcomson Road UD to confirm approval and execution of the new sanitary sewer line agreement.
6. Upon receiving approval for the plans and specifications for the project, AEI will advertise for bids for the replacement of the water line across Faulkey Gully.
7. 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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