

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 18

October 8, 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 8th day of October, 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; Stephanie Davis of District Data Services, Inc. ("DDS"); Yvonne Luevano of Wheeler & Associates, Inc. ("Wheeler"); Matt Kelley of AEI Engineering, LLC ("AEI"); T. R. Riley of Eagle Water Management, Inc. ("Eagle"); and Adisa Harrington and Holly Huston 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 September 10, 2018, regular meeting. After review and discussion, Director Skarboszewski moved to approve the minutes of the September 10, 2018, regular meeting as revised. Director Kennedy 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. The Board discussed adding security tips to the District website.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Davis 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 Murr 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 98.94% of the 2017 taxes had been collected as of September 30, 2018.

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

CONDUCT PUBLIC HEARING REGARDING DISTRICT ADOPTION OF TAX RATE

Ms. Luevano stated that Wheeler & Associates, Inc. published a Notice of Public Hearing in the Houston Chronicle stating that the District anticipates levying a \$0.38 tax rate for 2018 at this meeting.

Director Bernardini then opened the public hearing. No members of the public came forward to make comments. Director Bernardini closed the public hearing.

The Board reviewed the District's budget, capital improvement plan, and anticipated expenses for the coming year. Discussion ensued and the Board concurred to levy a \$0.38 tax rate for the 2018 tax year. The Board reviewed an Order Levying Taxes for 2018 with a total tax rate of \$0.38 per \$100 assessed valuation. Ms. Harrington then presented an Amendment to Information Form reflecting the 2018 tax rate. After review and discussion, Director Bernardini moved to adopt the Order Levying Taxes and approve and authorize the execution of the Amendment to Information Form, as presented, and direct that the Order and Information Form be filed appropriately and retained in the District's official records. Director Skarboszewski seconded the motion, which passed unanimously.

The Board confirmed its intention that the 2018 tax levy includes a debt service component for the calendar year ending December 31, 2019, and a maintenance tax component for the fiscal year ending December 31, 2019.

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 (the "County's") contractor has begun placing concrete in front of District's water plant at Malcomson Road. He added AEI has requested the contractor keep the operator informed on construction activities.

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 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. Mr. Kelley stated that construction of the Hidden Falls Detention Pond rehabilitation/modification project is complete. He recommended the Board approve Pay Estimate No. 4 and Final in the amount of \$44,946.36 to Roberto Miranda dba R Miranda Trucking and Construction, LLC ("Roberto Miranda") and final acceptance of the project. He added that AEI is awaiting revised plans for the waterfall improvements.

Mr. Kelley reported the Hidden Falls Homeowners Association (the "Hidden Falls HOA") contacted AEI regarding obtaining a water meter and service to irrigate the landscaping around the detention pond. Discussion ensued regarding the make-up well previously used by the Hidden Falls HOA for irrigation. Following discussion, the Board requested Eagle inspect the water well to ensure proper connection to the irrigation system, as well as options for labeling and securing the Hidden Falls lift station control box. The Board also requested AEI research the extent of private wells in Hidden Falls.

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 present bids at the next meeting.

Mr. Kelley updated the Board on the sanitary manhole evaluation project. Mr. Kelley stated bids were received for the sanitary sewer manhole evaluation. Ms. Harrington stated there is an issue with the bond rating for proposed contract with T. Gray Utilities, as the surety's A- rating is below the District's requires A rating. Discussion ensued regarding establishing a rating of B+ for projects under \$100,000 and a rating of A- for projects over \$100,000. Following discussion Director Skarboszewski moved to (1) waive the B+ rating on the contract with T. Gray Utilities; and (2) authorize ABHR to prepare a Resolution Establishing New Criteria for Sureties Issuing

Payment and Performance Bonds for Board consideration at the next meeting. Director Bernardini seconded the motion, which passed unanimously.

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") for the proposed repairs to Faulkey Gully. He reported AEI has reviewed the plans and provided comments to HCFCD's engineer. He added AEI is currently awaiting revised plans. He stated HCFCD's engineer expects construction to begin in January and be completed within 30 to 45 days, with access mostly from the west side of the channel. He added that a small portion of the work will be accessed from the east side of the channel, and that HCFCD will repair any damage to the adjacent trail. He noted that he has requested a summary description of the proposed construction from HCFCD, for distribution to residents and posting on the District's website. Discussion ensued regarding the need to take "before" and "after" photographs of the project access area, in order to document any damage that may be caused to the trail. Director Kennedy stated he will take the "before" and "after" photos.

Mr. Kelley stated the annual water plant evaluations are due in November and requested authorization to proceed with the work.

Following review and discussion, Director Skarboszewski moved to (1) approve the engineer's report; (2) approve Pay Estimate No. 4 and Final in the amount of \$44,946.36 to Roberto Miranda for construction of the Hidden Falls Detention Pond rehabilitation and modification project, and final acceptance of the project, based upon the engineer's recommendation; and (3) authorize AEI to proceed with the annual water plant evaluations. Director Murr seconded the motion, which passed by unanimous vote.

ANNEXATION OF APPROXIMATELY 8.6 ACRES OF LAND INTO THE DISTRICT

Ms. Harrington reviewed a draft summary of restrictions for the annexation of the Public Storage tract, as discussed by the Board at the October 1st special meeting. Discussion ensued regarding requiring deed restrictions for Public Storage and including additional restrictions in the pending Annexation Letter Agreement.

APPROVE FEASIBILITY STUDY ON ANNEXATION

Mr. Kelley reviewed the feasibility study for the proposed annexation of approximately 8.6 acres owned by Public Storage, and pointed out that AEI has determined that the annexation is feasible. Following review and discussion, Director Bernardini moved to approve the feasibility study, subject to receipt of the \$10,000 annexation deposit from Public Storage and execution of the

Annexation Letter Agreement and direct that the study be filed appropriately and retained in the District's official records. Director Murr seconded the motion, which carried unanimously.

ACCEPT PETITION FOR ADDITION OF CERTAIN LAND

The Board considered accepting a Petition for Addition of Certain Land ("Petition") to the District from Public Storage for the approximate 8.6 acres. Upon a motion made by Director Bernardini and seconded by Director Murr, the Board voted unanimously to accept the Petition, subject to receipt of the \$10,000 annexation deposit from Public Storage and execution of the Annexation Letter Agreement and direct that the petition be filed appropriately and retained in the District's official records.

AUTHORIZE EXECUTION AND FILING OF PETITION FOR CONSENT TO ANNEX LAND

Ms. Harrington said that, since the proposed annexation tract is within the extra territorial jurisdiction of the City of Houston, Texas, the City must consent to the annexation of the tract into the District. She then reviewed with the Board the Petition for Consent to Annex Land. After discussion, Director Bernardini moved to authorize the execution of the Petition for Consent and filing of the Petition with the City of Houston, subject to receipt of the \$10,000 annexation deposit from Public Storage and execution of the Annexation Letter Agreement. Director Murr seconded the motion, which passed unanimously.

EMERGENCY RESPONSE PLANS

Ms. Harrington stated that the District's Emergency Operations Plan has been updated to reflect Eagle's updated contact information. She presented a Resolution Adopting Amended District Emergency Operations Plan. Following review and discussion, Director Bernardini moved to (1) approve the changes to the District's Emergency Operations Plan reflecting Eagle's updated contact information; and (2) approve the Resolution Adopting Amended District Emergency Operations Plan and direct that the Resolution be filed appropriately and retained in the District's official records. Director Skarboszewski seconded the motion, which carried unanimously.

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 94.66%.

Discussion ensued regarding Eagle's bill and the need to backcharge the County's subcontractor, Angel Brothers, for damage caused to District facilities in

connection with the Grant Road widening project. The Board requested Eagle follow up to ensure the District receives the reimbursement from Angel Brothers.

The Board discussed payment plans for delinquent customers who request a payment plan. Following discussion, the Board concurred to offer up to a three-month payment plan and requested Eagle prepare a draft letter to delinquent customers who request a payment plan notifying them of the terms of the plan, for Board review 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.

AUTHORIZE EXECUTION OF SERVICE AGREEMENT WITH LAWNS AND MORE

Ms. Harrington reviewed a proposed Service Agreement with Lawns and More for the monthly mowing of the 16-foot utility easement. Following discussion, Director Bernardini moved to approve the Service Agreement with Lawns and More for the monthly mowing of the District water plants, lift station, and drainage swale between Hidden Falls and North Eldridge Parkway, and direct that the agreement be filed appropriately and retained in the District's official records. Director Murr seconded the motion, which passed unanimously.

SALE OF SERIES B GROUNDWATER CREDITS

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

NHCRWA MATTERS

The Board discussed the NHCRWA fee and smart meter options. Following discussion, the Board concurred to include smart meters as a project to be completed in 2020 in the District's capital improvement plan.

LAKE FOREST PLANT ADVISORY COUNCIL ("LFPAC") MATTERS

Director Skarboszewski reported on the most recent LFPAC meetings. Ms. Harrington updated the Board on recent revisions to the proposed Agreement for Operation and Maintenance of Regional Wastewater Treatment Facilities. Discussion ensued and Director Skarboszewski stated he will follow up with the LFPAC regarding the revisions to the Agreement at their next meeting.

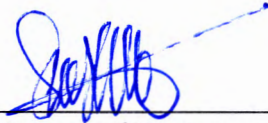
WEBSITE MATTERS

The Board reviewed the monthly activity report provided by Off Cinco, a copy of which is attached. Director Bernardini updated the Board on website matters. Ms. Harrington added that Off Cinco has confirmed that 67 residents are now registered to receive email blasts.

REVIEW ACTION LIST

The Board reviewed the action list. Discussion ensued regarding the Grant Road widening project and the need for a turn lane or median to improve access to the Malcomson Road water plant. Mr. Kelley stated he will follow up with the County regarding same.

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



Secretary, Board of Directors

(SEAL)



ACTION LIST

New Items:

1. The Board will further discuss and consider adding security tips to the District website.
2. ABHR will finalize Annexation Letter Agreement with additional restrictions.
3. AEI will provide before and after photographs of the repairs to Faulkey Gully.
4. AEI will obtain summary of description of repairs to Faulkey Gully from HCFCFCD's engineer and the Board will consider posting notice of the proposed repairs on the District's website.
5. AEI will research the extent of private wells in Hidden Falls.
6. Director Kennedy will take "before" and "after" photographs of the HCFCFCD drainage channel repair project access area, so that the District can document any damage caused to the trail system.
7. AEI will proceed with the annual water plant evaluations.
8. Eagle will inspect and secure the turn off valve at the lift station.
9. Eagle will follow up with Angel Brothers regarding reimbursement for damages relating to the Grant Road widening project.
10. Eagle will prepare a draft letter to delinquent customers who request a payment plan notifying them of the terms of the plan, for Board review at the next meeting.
11. AEI will follow up with the County to request that a median or turn lane be installed near the Malcomson Road water plant, in connection with the Grant Road widening project.

Pending Items:

1. Tax assessor/collector will send an invoice to Jecobian and Rachel Richardson in accordance with the Out-of-District Service Agreement.
2. Eagle will follow up on execution of the Service Agreement with Lawns and More and obtain the required Form 1295.
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. AEI will coordinate with Eagle and Harris County on the required modifications to address the utility conflicts for the Grant Road widening project.

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