

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 18

December 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 December, 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
Vally Swann	Assistant Secretary
Charlie Kennedy, Jr.	Assistant Vice President

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, LLC ("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 November 12, 2018, meeting. After review and discussion, Director Bernardini moved to approve the minutes of the November 12, 2018, 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.

AUTHORIZE AUDITOR TO CONDUCT AUDIT FOR FISCAL YEAR END DECEMBER 31, 2018

The Board considered authorizing McCall Gibson Swedlund Barfoot PLLC ("McCall Gibson") to conduct the District's annual audit for fiscal year end December 31, 2018. Ms. Harrington informed the Board that McCall Gibson is estimating a \$10,500 to \$11,500 fee for preparing the audit for the fiscal year ending December 31, 2018. Following review and discussion, Director Skarboszewski moved to authorize McCall Gibson to conduct the annual audit for fiscal year end December 31, 2018. Director Bernardini seconded the motion, which passed 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.

Ms. Austin next reviewed the budget for fiscal year end December 31, 2019. A copy of the budget is attached to the bookkeeper's report. Discussion ensued regarding income and expenses for grease traps. The Board concurred to increase the line items for grease traps to \$12,000 for income and \$7,000 for expenses.

The Board then discussed the Association of Water Board Directors winter conference and reviewed the District's Travel Reimbursement Guidelines.

Ms. Simonds distributed the annual MSRB Rule G-10 Annual Disclosure filing for the District from Masterson Advisors LLC, a copy of which is attached.

Following review and discussion, Director Bernardini moved to (1) approve the bookkeeper's report and payment of the bills; (2) adopt the District's budget for fiscal year end December 31, 2019, as discussed; and (3) authorize three per diems, two nights of hotel accommodations, and three meals per day for Directors attending the Association of Water Board Directors winter conference in Austin, all to be submitted in accordance with the District's Travel Reimbursement Guidelines. Director Murr seconded the motion, which passed unanimously.

EMINENT DOMAIN REPORT

Ms. Harrington reported that ABHR has filed the District's Eminent Domain Authority Annual Report with the Comptroller of the State of Texas pursuant to Senate Bill 1812.

## TAX ASSESSMENT AND COLLECTIONS MATTERS

Ms. Luevano reviewed the tax assessor/collector's report and the delinquent tax roll, copies of which are attached, and tax items on the attached action list. She reported that 8.57% of the 2018 taxes had been collected as of November 30, 2018.

Ms. Luevano reported the District's certified value has increased by 6% due to uncertified value protests being resolved.

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.

## ENGINEER'S REPORT

Mr. Kelley reviewed the engineer's report, a copy of which is attached, and engineering items on the attached action list.

Mr. Kelley gave an update on the Grant Road widening project.

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 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 is awaiting revised plans for the waterfall extension.

Mr. Kelley updated the Board on the pending replacement of the 12-inch water line that crosses Faulkey Gully at Forest Lodge. He stated AEI is currently awaiting bonds and insurance from AR Turnkey Construction Company Inc. for review.

Mr. Kelley updated the Board on the sanitary manhole evaluation project. He reported the project is 65% complete.

Mr. Kelley updated the Board on the service request from Public Storage. He stated the \$10,000 annexation deposit has not yet been submitted.

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 not yet received a summary of proposed work from HCFCD's engineer for the Faulkey Gully repair project.

Mr. Kelley reported AEI has received plans for a proposed fire line and irrigation improvements for Hamilton Middle School. He stated AEI has reviewed the plans and issued a letter of no objection.

Mr. Kelley reported the one-year warranty review for the Malcomson Road hypodermic tank is scheduled for December 12, 2018.

Mr. Kelley reported the District's five-year inspection of the interior of the water tanks will take place in October 2022. He added AEI will continue to conduct annual evaluations of the water tanks.

Following review and discussion, Director Bernardini moved to approve the engineer's report. Director Kennedy seconded the motion, which passed by unanimous vote.

#### ANNEXATION MATTERS

Ms. Harrington stated that ABHR will finish drafting the pending Annexation Letter Agreement and property restrictions once the \$10,000 annexation deposit has been received from Public Storage.

#### EMERGENCY RESPONSE PLANS

The Board concurred to remove this item from the agenda, and only include the item on the agendas for May through November going forward.

#### 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 and reviewed operator items on the attached action list. He stated that the District's water accountability for the previous month was 94.43%.

Mr. Riley stated Eagle resubmitted the District's reimbursement request to the County's subcontractor, Angel Brothers, regarding reimbursement for damage caused to District facilities in connection with the Grant Road widening project. He added he will advise the District once he has received a response.

Mr. Riley stated Eagle inspected the Malcomson Road water plant fence to determine whether other areas of the fence also need to be repaired. He reported that there is a chain link fence in addition to a wooden fence. He stated the only section of the fence that needs to be repaired is the side fence that separates the resident's back

yard from the water plant. Discussion ensued regarding the removal of the chain link fence.

Mr. Riley reported Eagle inspected the private well at 12710 Tenaya Falls and determined there is no cross-contamination to the District's water system. He added Eagle has provided the Hidden Falls Homeowners Association ("Hidden Falls HOA") with the estimated cost for the District to install a water meter to provide District water service for irrigating the landscaping around the detention pond. Discussion ensued as to whether there are any other private wells being used in Hidden Falls and the Board concurred for AEI and Eagle to further research the matter.

Mr. Riley reported on securing the turn-off valve at the Hidden Falls lift station.

After review and discussion, Director Bernardini moved to (1) accept the operator's report; and (2) authorize Eagle to remove the chain link fence and obtain proposals to replace the damaged fence at the Malcomson Road water plant, with an option to stain the fence, and undertake the work, subject to final approval of the cost by Director Skarboszewski. Director Kennedy 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 to authorize Eagle to notify the residents on the termination list of their nonpayment, but not to disconnect resident's utility service until January 2019, after the holidays. Director Kennedy seconded the motion, which carried unanimously.

#### ADOPT RESOLUTION APPROVING TREASURY MANAGEMENT SERVICES AND AUTHORIZING OPERATOR

Ms. Harrington reviewed a Resolution Approving Treasury Management Services and Authorizing Operator. She reported that BBVA Compass Bank is updating its online payment platform and presented a resolution authorizing treasury management services. Following review and discussion, Director Bernardini moved to authorize execution of the Resolution Approving Treasury Management Services and Authorizing Operator. Director Kennedy seconded the motion, which passed by unanimous vote.

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") MATTERS

Director Murr reported on NHCRWA matters. He stated the NHCRWA will increase the surface water and groundwater fees by \$0.45, effective April 1, 2019. The Board concurred to post notice of the NHCRWA rate increase on the District's website.

LAKE FOREST PLANT ADVISORY COUNCIL ("LFPAC") MATTERS

Ms. Harrington reviewed recent revisions to the Agreement for Operation and Maintenance of Regional Wastewater Treatment Facilities. Following review and discussion, Director Bernardini moved to approve the revised Agreement and direct that the Agreement be filed appropriately and retained in the District's official records. Director Swann seconded the motion, which carried unanimously.

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.

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



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Secretary, Board of Directors

(SEAL)



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