

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 18

January 14, 2019

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 14th day of January, 2019, 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 Monica Parker, a resident of the District; Sergeant Wayne Curry of the Harris County Precinct 4 Constable's Office; Stephanie Viator 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

Ms. Parker addressed the Board regarding water damage to her home caused by a sanitary sewer line backup on December 27, 2018. She stated that her plumber and Eagle inspected the property and concluded the backup was caused by a grease related blockage in the District's main sewer line. Ms. Parker reviewed the expenses she has incurred and expects to incur in remediating the water damage to her home and requested reimbursement from the District for such costs. Mr. Riley reported that he contacted the District's insurance company regarding the backup and they have denied coverage. Discussion ensued and the Board requested that ABHR contact the District's insurance broker to ascertain why the insurance claim was denied. The Board requested that Ms. Parker continue to document her expenses relating to the water damage and advised that Eagle and/or ABHR will follow up with her prior to the next Board meeting.

MINUTES

The Board considered approving the minutes of the December 10, 2018, meeting. After review and discussion, Director Skarboszewski moved to approve the minutes of

the December 10, 2018, meeting as presented. Director Bernardini seconded the motion, which passed unanimously.

CONSTABLE SECURITY PATROL MATTERS, INCLUDING RENEWAL OF CONTRACT WITH HARRIS COUNTY FOR DEPUTY SERVICE

Sergeant Curry reviewed the security report and discussed security matters in the District. A copy of the security report is attached.

Ms. Harrington reviewed a proposed Interlocal Agreement for Law Enforcement Services with Harris County. Following review and discussion, Director Skarboszewski moved to approve the Interlocal Agreement for Law Enforcement Services with Harris County and direct that the Agreement be filed appropriately and retained in the District's official records. Director Bernardini seconded the motion, which passed by unanimous vote.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Viator 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.

Director Swann stated the adopted budget shows four line items for legal fees. Following discussion the Board concurred to amend the adopted budget to reflect one consolidated line item for legal fees at their next meeting.

Ms. Harrington stated that, in accordance with the District's Investment Policy, Wendy Austin, as the District's bookkeeper and investment officer, is required to execute Disclosure Statements that disclose any relationships with banks and brokers who seek to sell investments to the District.

Following review and discussion, Director Skarboszewski moved to (1) approve the bookkeeper's report and payment of the bills; and (2) accept the Disclosure Statements under the Public Funds Investment Act, direct that the Statements be filed with the Texas Ethics Commission, and direct that the Statements be filed appropriately and retained in the District's official records. Director Swann seconded the motion, which passed unanimously.

REVIEW DISTRICT INFORMATION KIT

Ms. Simonds distributed a draft District Information Kit for the Board to review. Ms. Harrington requested any comments on the District Information Kit should be sent to Ms. Simonds, and then ABHR will present the final District Information Kit for approval at the February meeting.

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 61.42% of the 2018 taxes had been collected as of December 31, 2018.

The Board discussed delinquent taxes. Ms. Harington discussed Water Code provisions that allow the Board to terminate water service to certain customers with delinquent tax account.

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.

UPDATE ON SALES TAX MONITORING REPORT FROM SALES REVENUE INC.

The Board deferred action on this agenda item.

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 met with the contractor and determined that the proposed waterfall improvements address AEI's previous concerns.

Mr. Kelley updated the Board on the pending replacement of the 12-inch water line that crosses Faulkey Gully at Forest Lodge. Mr. Kelley reported that the contracts with AR Turnkey Construction Company, Inc. in the amount of \$94,965 for the replacement of the 12-inch water line that crosses Faulkey Gully at Forest Lodge are ready for Board execution, but will not be released until the insurance and bonds have been reviewed by ABHR.

Mr. Kelley updated the Board on the sanitary manhole evaluation project. He reported the project is 70% complete. He reviewed and recommended approval of Pay Estimate No. 2 in the amount of \$11,902.50 to T Gray Utility & Rehabilitation, LLC.

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 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 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 the one-year warranty review for the Malcomson Road water plant hydropneumatic tank was completed on December 13, 2018, and stated that the tank was in satisfactory condition. He stated AEI issued a one-year acceptance certificate, a copy of which is attached to the engineer's report.

Mr. Kelley reported the one-year warranty review for Hidden Falls detention pond rehabilitation was completed on January 2, 2019. He stated that there was one deficiency noted and that a one-year acceptance certificate will be issued once the deficiency is corrected.

Following review and discussion, and based upon the engineer's recommendation, Director Murr moved to (1) approve the engineer's report; and (2) approve Pay Estimate No. 2 in the amount of \$11,902.50 to T Gray Utility & Rehabilitation, LLC for the sanitary manhole evaluation project. Director Skarboszewski 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.

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 92.54%.

Mr. Riley then reviewed the operator items on the attached action list. He noted that Eagle has not received a response from the County's subcontractor, Angel Brothers, regarding reimbursement for damage caused to District facilities in connection with the Grant Road widening project. The Board requested ABHR follow up with Angel Brothers regarding payment of the invoiced amounts.

Mr. Riley and Mr. Kelley reported that they are not aware of any private wells in Hidden Falls other than the wells discussed at the last Board meeting.

Mr. Riley reported Hamilton Middle School has requested a fire line and meter. Following discussion the Board concurred for ABHR to research whether the District's agreement with Hamilton Middle School for water service contains provisions regarding tap fees and ownership and responsibility for meters that serve the School.

Discussion ensued regarding Ms. Parker's request for reimbursement for water damage resulting from the sanitary sewer backup and the Board concurred to consider her reimbursement request at the next meeting once ABHR determines whether the claim can be covered by the District's insurance. The Board requested that Eagle contact Ms. Parker to request that the home be professionally inspected and sanitized, at the District's cost, before any new flooring is installed.

The Board discussed water quality matters and whether temporarily converting from chloramine to chlorine disinfection is needed at this time. Director Skarboszewski requested copies of recent test results be provided for his review.

Discussion ensued regarding water and sewer rates and the Board concurred that it is not necessary for the engineer to prepare a water and sewer rate analysis this year because a study was prepared and reviewed last year.

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.

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.

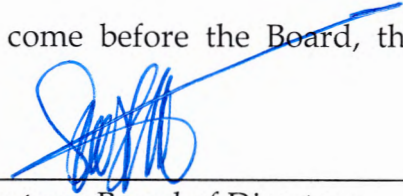
LAKE FOREST PLANT ADVISORY COUNCIL ("LFPAC") MATTERS

Director Skarboszewski reported on the most recent LFPAC 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.

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



Secretary, Board of Directors

(SEAL)



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