

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 18

March 11, 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 11th day of March, 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 except Director Murr, thus constituting a quorum.

Also present at the meeting were Sergeant Wayne Curry of the Harris County Precinct 4 Constable's Office; Brian Toldan of McCall Gibson Swedlund Barfoot PLLC ("MGSB"); 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 and Doug Jacobson 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 February 11, 2019, regular meeting and March 7, 2019, special meeting. After review and discussion, Director Bernardini moved to approve the minutes of the February 11, 2019, regular meeting and March 7, 2019, special 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.

APPROVE AUDIT FOR FISCAL YEAR END DECEMBER 31, 2018

Mr. Toldan presented and reviewed the District's proposed audit for the fiscal year ended December 31, 2018. After review and discussion, Director Skarboszewski moved to approve the audit, subject to final Director and consultant review, authorize filing of the audit with the Texas Commission on Environmental Quality ("TCEQ"), and direct that the audit be filed appropriately and retained in the District's official records. 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.

Following review and discussion, Director Skarboszewski moved to approve the bookkeeper's report and payment of the bills. Director Swann seconded the motion, which passed unanimously.

TAX ASSESSMENT AND COLLECTIONS MATTERS

Ms. Luevano reviewed the tax assessor/collector's report, a copy of which is attached. She reported that 96.36% of the 2018 taxes had been collected as of February 28, 2019.

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

AUTHORIZE CONSULTANTS TO RESEARCH UNCLAIMED PROPERTY AND AUTHORIZE TAX ASSESSOR/COLLECTOR TO PREPARE AN UNCLAIMED PROPERTY REPORT AS OF JUNE 30, 2019, FOR THE PERIOD ENDING JUNE 30, 2016

Ms. Luevano requested authorization to prepare an unclaimed property report as of June 30, 2019, for the period ending June 30, 2016, and to coordinate with other District consultants as needed in researching unclaimed property for the report. Following discussion, Director Skarboszewski moved to authorize Ms. Luevano to prepare the report and coordinate with other District consultants as needed in researching unclaimed property for the report. Director Kennedy seconded the motion, which passed by unanimous vote.

RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

Ms. Harrington reviewed a Resolution Concerning Exemptions from Taxation reflecting that the Board of Directors rejects a general residential homestead exemption, and grants a \$50,000 exemption for persons over 65 years of age and a \$100,000

exemption for disabled persons. After review and discussion, Director Skarboszewski moved to adopt the Resolution Concerning Exemptions from Taxation and direct that the Resolution be filed appropriately and retained in the District's official records. Director Bernardini seconded the motion, which passed by unanimous vote.

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 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 sanitary manhole evaluation project. He stated the project is substantially complete and the final inspection will be scheduled upon receipt of as-built drawings from the contractor.

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 a pre-construction meeting has been scheduled for March 13, 2019.

Mr. Kelley updated the Board on the service request from Public Storage. He stated the \$10,000 annexation deposit has been received and AEI is preparing the annexation documents.

Mr. Kelley updated the Board on the District's water plant electrical improvements. He stated that bids were received for electrical upgrades at the District's water plants. He recommended that the Board award the contract to Resco Electric in the amount of \$375,500. The Board concurred that, in its judgment, Resco Electric 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. The Board discussed removing chemical monitoring from the project.

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, as the project has been delayed.

Mr. Kelley reported the one-year warranty review for the Hidden Falls detention pond rehabilitation was completed on January 2, 2019. He stated that the contractor has re-seeded the area and once sufficient growth is established, AEI will issue the one-year acceptance certificate.

Following review and discussion, and based upon the engineer's recommendation, Director Bernardini moved to (1) approve the engineer's report; and (2) award the contract for electrical upgrades at the District's water plants, subject to adjustment of the contract amount for the removal of chemical monitoring from the project, approval of the payment and performance bonds and review of the certificate(s) of insurance and endorsements, if any, provided by the contractor. 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.

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 93.39%.

Mr. Riley stated the District has received a tap request from 11906 River Park Court. Following discussion, the Board concurred for Eagle to notify the resident of the tap fee in accordance with the District's Rate Order.

Mr. Riley then reviewed the operator items on the attached action list. Mr. Jacobson reported that 31 fence boards had been replaced at the Oak Bluff water plant. He stated that the fence at Malcomson Road water plant does not currently need replacing. The Board discussed maintenance of the District's fencing and concurred to continue to maintain fencing with spot repairs.

Director Bernardini reported he attended the Hunters Valley Homeowner Association, Inc. annual meeting. He added that he received comments regarding the additional fee payable for the online utility payment center. The Board noted that the fee is a pass through fee by the provider and not an additional charge by the District.

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

AUTHORIZE OPERATOR TO CONDUCT DISINFECTION TREATMENT CHANGE OVER AND UPDATE DISTRICT WEBSITE WITH NOTICE TO RESIDENTS

Mr. Riley requested authorization to obtain approval from the Texas Commission on Environmental Quality (the "TCEQ") to switch to free chlorine for two weeks in May for waterline maintenance. Following discussion, Director Skarboszewski moved to authorize Eagle to obtain approval from the TCEQ to switch to free chlorine for two weeks in May for waterline maintenance. Director Kennedy seconded the motion which carried unanimously.

The Board discussed notifying residents of the switch to free chlorine and concurred to notify residents on their April water bill and post a notice on the District's website once TCEQ approval has been received.

REVIEW WATER CONSERVATION PLAN; APPROVE ANNUAL REPORT AND WATER CONSERVATION IMPLEMENTATION REPORT; ADOPT ORDER ADOPTING AMENDED AND RESTATED WATER CONSERVATION PLAN

Mr. Riley reviewed the Water Conservation Plan Annual Report and Five-Year Implementation Report on the Water Conservation Plan with the Board. Ms. Harrington stated that the Texas Commission on Environmental Quality rules require that the District review and adopt an Amended and Restated Water Conservation Plan prior to May 1, 2019. Ms. Harrington reviewed an Amended and Restated Water Conservation Plan with the Board.

After review and discussion, Director Skarboszewski moved to: (1) approve the Water Conservation Annual Report and Five-Year Implementation Report, direct that the reports be filed appropriately and retained in the District's official records, and authorize the District's Operator to submit the reports to the appropriate government agencies; and (2) adopt an Order Adopting Amended and Restated Water Conservation Plan, direct that the Order be filed appropriately and retained in the District's official records, and authorize the District Operator to submit the Amended and Restated Water Conservation Plan to the appropriate government agencies. Director Bernardini seconded the motion, which passed by unanimous vote.

ORDER ADOPTING AMENDED AND RESTATED DROUGHT CONTINGENCY PLAN

Ms. Harrington stated that the Texas Commission on Environmental Quality ("TCEQ") rules require that the District review and adopt an Amended and Restated Drought Contingency Plan in 2019, prior to May 1st. Ms. Harrington reviewed an Amended and Restated Drought Contingency Plan with the Board reflecting no changes to the existing plan. After review and discussion, Director Skarboszewski moved to adopt an Order Adopting Amended and Restated Drought Contingency Plan; Providing for Implementation and Enforcement Thereof; Providing Penalties for Violations; and Containing Other Provisions Related to the Subject and direct that the

Order be filed appropriately and retained in the District's official records. Director Bernardini seconded the motion, which passed by unanimous vote.

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 Skarboszewski 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 Bernardini 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.

RENEWAL OF WATER SUPPLY AND WASTEWATER DISPOSAL CONTRACT WITH CYPRESS FAIRBANKS INDEPENDENT SCHOOL DISTRICT ("CY-FAIR ISD")

Ms. Harrington reported she contacted Cy-Fair ISD's attorney to discuss renewal of and revisions to the contract and she will update the Board on progress of the renewal at the next meeting.

NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY ("NHCRWA") MATTERS

Mr. Kelley reported on NHCRWA matters.

LAKE FOREST PLANT ADVISORY COUNCIL ("LFPAC") MATTERS

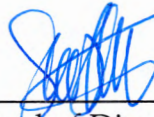
Director Skarboszewski reported on the most recent LFPAC meeting.

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.

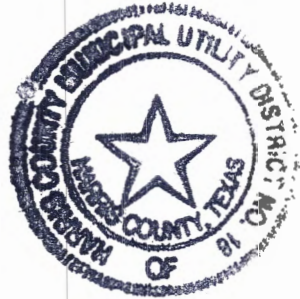
The Board discussed adding security tips to the District's website. Director Bernardini stated he will contact Sergeant Curry for assistance in preparing security tips.

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



Secretary, Board of Directors

(SEAL)



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