

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 18

April 8, 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 8th day of April, 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 Sergeant Wayne Curry of the Harris County Precinct 4 Constable's Office; Ryan Fortner of Sales Revenue, Inc.; 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

There were no comments from the public.

MINUTES

The Board considered approving the minutes of the March 11, 2019, regular meeting. After review and discussion, Director Skarboszewski moved to approve the minutes of the March 11, 2019, regular meeting, as presented. Director Kennedy seconded the motion, which passed unanimously.

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.

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 and the delinquent tax roll, copies of which are attached. She reported that 97.3% of the 2018 taxes had been collected as of March 31, 2019.

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.

SALES TAX MONITORING REPORT FROM SALES REVENUE, INC.

Mr. Fortner distributed and reviewed the annual sales tax monitoring report prepared by Sales Revenue, Inc., a copy of which is attached. After review and discussion, Director Bernardini moved to approve the sales tax monitoring report. 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 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 AEI will issue the Certificate of Acceptance once the contractor has addressed the deficiencies.

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 construction will commence in the next two weeks.

Mr. Kelley updated the Board on the service request from Public Storage. He stated AEI has prepared the annexation documents and forwarded them to ABHR for review. Ms. Harrington reviewed a revised Annexation Letter Agreement including the additional development-related requirements between the District and Public Storage and requested the Board provide any comments to ABHR by April 15th.

Mr. Kelley updated the Board on the District's water plant electrical improvements. He stated that disinfection monitoring equipment has been removed from the scope of the contract for the electrical upgrades at the District's water plants,

reducing the cost by \$9,400. He added the revised contract amount is \$366,100 and the contracts will be presented to the Board for execution at the next meeting.

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. Discussion ensued regarding whether the work has already commenced. The Board requested AEI follow-up with HCFCD to ensure the proposed work has not yet commenced.

Mr. Kelley reported the One Year Acceptance Certificate for the Hidden Falls detention pond rehabilitation was issued on March 11, 2019.

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

ANNEXATION MATTERS

This agenda item was discussed under the engineer's report.

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 88.08%.

Mr. Riley stated Malcomson Road lift station no. 1's capacitor failed and the control panel caught fire. He reported that because this was an emergency, Eagle worked with Director Skarboszewski to approve a new control panel to be installed at the lift station at an estimated cost of \$17,000.

Mr. Riley then reviewed the operator items on the attached action list. The Board discussed notifying customers of the temporary switch to free chlorine in May for waterline maintenance. The Board concurred for Director Bernardini to coordinate with ABHR and Eagle regarding wording for the temporary switch to free chlorine in May for the District's water bill, website, and e-blast.

Ms. Harrington stated that the District's Identity Theft Prevention Program (the "Program") requires Eagle to provide an annual written report addressing the effectiveness of the Program, significant instances of identity theft detection, and any recommendations regarding changes to the Program. Mr. Riley reviewed a report on the District's Program. He stated that the report indicates no significant incidents of identity theft detection and recommends no changes to the Program. The Board concurred that it was not necessary to adopt a Program amendment.

After review and discussion, Director Skarboszewski moved to accept the operator's report. Director Bernardini 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 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. Ms. Harrington distributed and reviewed proposed additions to the contract and requested that the Board provide any comments to ABHR by April 15th.

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

Director Murr reported on NHCRWA matters. He requested that Eagle obtain water conservation brochures from NHCRWA for inclusion in the District's water bills.

LAKE FOREST PLANT ADVISORY COUNCIL ("LFPAC") MATTERS

Director Skarboszewski reported on the most recent LFPAC meeting.

WEBSITE MATTERS, INCLUDING AUTHORIZE WEBSITE POSTING OF ENERGY ANALYSIS FOR ELECTRICITY USAGE

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.

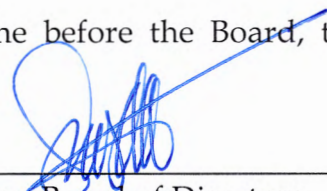
Director Bernardini moved to approve posting of the District's annual electricity usage on the District's website. Director Murr seconded the motion, which passed unanimously.

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.

Sergeant Curry then reviewed correspondence from the Harris County Constable, Precinct 4, regarding a 4.9% increase in the cost of law enforcement services that will become effective on March 1, 2020. A copy of the correspondence is attached.

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



Secretary, Board of Directors

(SEAL)



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