

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 18

October 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 October, 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; Stephanie Viator of District Data Services, Inc. ("DDS"); Yvonne Luevano of Wheeler & Associates, Inc. ("Wheeler"); Pam Madrigal 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 September 9, 2019, regular meeting. After review and discussion, Director Skarboszewski moved to approve the minutes of the September 9, 2019, regular meeting, as presented. Director Bernardini 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.

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 Bernardini 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 98.70% of the 2018 taxes had been collected as of September 30, 2019.

Following review and discussion, Director Skarboszewski moved to approve the tax assessor/collector's report and payment of the tax bills. Director Bernardini 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 \$0.37 tax rate for 2019 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 tax rate of \$0.37 per \$100 assessed valuation for the 2019 tax year. The Board reviewed an Order Levying Taxes for 2019 with a total tax rate of \$0.37 per \$100 assessed valuation for operations and maintenance. Ms. Harrington then presented an Amendment to Information Form reflecting the 2019 tax rate. After review and discussion, Director Skarboszewski 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 Bernardini seconded the motion, which passed unanimously.

ADOPT RESOLUTION NOMINATING CANDIDATE FOR BOARD OF DIRECTOR ELECTION FOR HARRIS COUNTY APPRAISAL DISTRICT ("HCAD")

The Board considered nominating a candidate for the Board of Directors Election for HCAD and concurred to take no action on the matter.

ENGINEER'S REPORT

Ms. Madrigal reviewed the engineer's report, a copy of which is attached.

Ms. Madrigal reviewed a summary of current and anticipated future capital projects, a copy of which is attached to the engineer's report.

Ms. Madrigal 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.

Ms. Madrigal stated AEI has provided comments to Public Storage regarding the public utility extension plans to serve the proposed annexation tract.

Ms. Madrigal stated annual evaluation of the water plants is due in November and requested authorization to proceed.

Ms. Madrigal updated the Board on the District's water plant electrical improvements. She reviewed and recommended approval of Pay Estimate No. 1 in the amount of \$28,800 to Resco Electric, Ltd.

Ms. Madrigal stated the new meter at water well no. 2 was not calibrated correctly and added AEI is coordinating with the contractor to address the issue. She added the water wells are otherwise in good condition.

Ms. Madrigal reported proposals have been solicited for the pipe recoating at Hidden Falls storm water pump station and will be presented at the next meeting.

Following review and discussion, Director Skarboszewski moved to (1) approve the engineer's report; (2) authorize AEI to proceed with annual evaluation of the water plants; and (3) approve Pay Estimate No. 1 in the amount of \$28,800 to Resco Electric, Ltd., for the water plant electrical improvements, based upon the engineer's recommendation. Director Kennedy seconded the motion, which passed by unanimous vote.

ANNEXATION MATTERS

Ms. Harrington stated the ABHR is awaiting corporate documents from Public Storage to submit the annexation application to the City of Houston.

EMERGENCY RESPONSE PLANS

There was no discussion on this agenda item.

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 96.97%.

Mr. Riley then reviewed the operator items on the attached action list. Mr. Riley stated a 10-inch valve at Malcomson Road water plant has been replaced.

Mr. Riley stated Eagle received a request from the customer at 12415 Oak Park Drive requesting an adjustment to their water bill due to high usage. He added that Eagle has recently installed a new meter at the property and it is functioning correctly. Following discussion, the Board took no action.

Mr. Riley stated Eagle received a request from the customer at 12118 Oak Park Drive requesting an adjustment to their water bill due to high usage. He added that Eagle inspected the meter and it was cracked. Following discussion, the Board concurred to adjust the customer's water bill to their average summer usage of 15,000 gallons.

Director Bernardini reported Hunters Valley Home Owners Association ("Hunters Valley") has stated its water bill reflected exceptionally high usage. Following discussion, the Board concurred to offer Hunters Valley a payment plan.

Ms. Harrington reported on the Second Amendment to the Contract with Cypress Fairbanks Independent School District ("Cy-Fair ISD"). Mr. Riley stated it was not possible for Cy-Fair ISD to be annually billed on their water bill for meter calibration and testing, and that the work must be separately invoiced by Eagle. The Board requested Eagle provide ABHR pricing for the meter calibration and testing for Cy-Fair ISD.

Following 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

Mr. Riley reported the post office used to mail District water bills was damaged by tropical storm Imelda. He said a list of delinquent customers will be presented to the Directors next month. The Board tabled action and did not conduct a hearing on termination.

AMEND RATE ORDER

Ms. Harrington reviewed a proposed Amended Rate Order to reflect maintenance of private drainage facilities, Vepo LLC's backflow prevention device website, and an increase in the penalty for violation of the Rate Order from \$5,000 to \$10,000 per violation. Following review and discussion, Director Skarboszewski moved to adopt and authorize execution of the Amended Rate Order, as discussed, authorize publication of the Notice of Adoption of Rules and Penalties, and direct that the Amended Rate Order be filed appropriately and retained in the District's official records. Director Bernardini seconded the motion, which passed unanimously.

SMART METERS MATTERS

Mr. Riley reviewed a proposal for the purchase and installation of Accurate Badger Series E smart meters in the amount of \$650,000. Ms. Harrington presented and reviewed a Third Amendment to the District's Services Agreement with Eagle.

Ms. Harrington presented and reviewed a Badger Meter Beacon AMA Managed Solution Master Agreement between the District and Badger Meter, Inc. Ms. Harrington then presented and reviewed a Resolution Establishing Rules and Regulations Governing the Use of the District's Online Portal System, relating to the agreement the District will enter into with Badger Meter, Inc., for electronic meter services.

Following discussion, the Board concurred to install the smart meters by subdivision starting with Hidden Falls, complete the installation of all smart meters in the District by the end of February 2020, provide customer education through yard signs and mailers, and update the District's website with information on smart meters following installation of all smart meters in the District.

After review and discussion, Director Bernardini moved to (1) approve the proposal in the amount of \$650,000 for the purchase and installation of Accurate Badger Series E smart meters; (2) approve the Third Amendment to the Professional Services Agreement with Eagle, subject to finalization; (3) approve a Badger Meter Beacon AMA Managed Solution Master Agreement between the District and Badger Meter, Inc., and direct that the Agreement be filed appropriately and retained in the District's official records; and (4) adopt the Resolution Establishing Rules and Regulations Governing the Use of the District's Online Portal System and authorize publication of the established penalties. Director Kennedy seconded the motion, which passed unanimously.

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

Director Skarboszewski reported on NHCRWA matters.

LAKE FOREST PLANT ADVISORY COUNCIL ("LFPAC") MATTERS

Director Skarboszewski reported on the most recent LFPAC meeting.

WEBSITE MATTERS

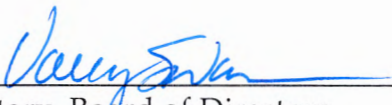
The Board reviewed the monthly website activity report provided by Off Cinco, a copy of which is attached. Director Bernardini updated the Board on website matters.

OTHER MATTERS

The Board concurred to hold the December meeting on Tuesday, December 10, 2019 subject to consultant availability.

The Board discussed receiving copies of consultant reports prior to the meeting and requested that all consultant reports be emailed to directors no later than noon on the meeting date.

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


Asst. Secretary, Board of Directors

(SEAL)



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