

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 18

April 11, 2022

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 April, 2022, 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 Swann, thus constituting a quorum.

Also present at the meeting were: Derek Michael and Magen Fisher of Sales Revenue Inc. (“SRI”); Lieutenant 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”); Tom Matkin, Janice Noeldner, and Danielle Moderow of AEI Engineering, a Baxter Woodman Company (“AEI”); TR Riley of Eagle Water Management, Inc. (“Eagle”); and Adisa Harrington and Faye Simonds of Allen Boone Humphries Robinson LLP (“ABHR”).

MINUTES

The Board considered approving the minutes of the March 14, 2022, regular meeting. After review and discussion, Director Skarboszewski moved to approve the minutes of the March 14, 2022, regular meeting, as presented. Director Bernardini seconded the motion, which passed unanimously.

PUBLIC COMMENT

There were no comments from the public.

SECURITY MATTERS

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

DISCUSS SALES TAX MONITORING SERVICE AGREEMENT AND AUTHORIZE APPROPRIATE ACTION

Mr. Michael presented and reviewed a Sales and Use Tax Administration Report 2022, a copy of which is attached. He then reviewed a proposal for Sales Tax Review and Compliance Reporting Services. Following discussion, the Board deferred action on this agenda item.

FINANCIAL AND BOOKKEEPING MATTERS

The Board reviewed the bookkeeper's report, including the energy consumption report and budget comparison, the quarterly investment report, and the District's bills presented for payment. Copies of the bookkeeper's report and quarterly investment report are 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 96.56% of the 2021 taxes had been collected as of March 31, 2022.

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

RENEWAL OF DISTRICT'S INSURANCE POLICIES

Ms. Harrington stated that the District's insurance policies with W.I.N. through Arthur J. Gallagher & Co. ("W.I.N."), expire on August 12, 2022. Discussion ensued and the Board concurred for ABHR to obtain proposals from W.I.N, McDonald Wessendorff Insurance, and HARCO Insurance Services.

ENGINEER'S REPORT

Ms. Noeldner and Mr. Matkin reviewed the engineer's report, a copy of which is attached.

Ms. Noeldner reviewed a summary of current and anticipated future capital projects, a copy of which is attached to the engineer's report. She stated that it has been updated to include the rehabilitation of the Malcomson Road water plant hydro-

pneumatic tank and subdivision names. She added that the list will be amended to prioritize the water distribution system replacement project for Heatherwood Village.

Ms. Noeldner stated that Lake Forest Plant Advisory Council's ("LFPAC") next meeting is scheduled for April 12, 2022.

Ms. Noeldner updated the Board on the sanitary sewer system cleaning and televising program, area II.

Ms. Noeldner updated the Board on the amended Emergency Preparedness Plan.

Ms. Noeldner reported that the Hidden Falls storm water quality permit has been renewed. She presented a storm water pollution education flyer, a copy of which is attached to the engineer's report. She stated the District is required to distribute the flyer as part of the annual renewal of the District's storm water quality permit. She requested authorization for the operator to include the flyer in the next water bill.

Mr. Matkin presented and reviewed performance test reports for Malcomson Road water well no. 2 and Oak Bluff Drive water well no. 3, copies of which are attached to the engineer's report. He then reviewed an evaluation of the hydro-pneumatic tank at Malcomson Road, a copy of which is attached.

Mr. Matkin stated that construction of the Hamilton Elementary School addition is anticipated to start this month and finish in August 2023.

Mr. Matkin stated that record drawings were provided to Binkley and Barfield, Inc., for a CenterPoint telecommunications project. He added that AEI has not received an update.

Mr. Matkin stated that there is a proposed development of approximately 80 acres south of the intersection of Grant Road and Old Kluge Road, near Hamilton Elementary School. He stated that the District's water line and sanitary sewer maps were provided to the developer. He added that AEI has not received an update.

Following review and discussion, and based on the engineer's recommendation, Director Skarboszewski moved to approve the engineer's report and authorize the operator to include the storm water pollution flyer in the next water bills. Director Murr seconded the motion, which passed unanimously.

OPERATION OF DISTRICT FACILITIES AND HEARING ON TERMINATION OF WATER AND SEWER SERVICE

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 93.90%.

Mr. Riley stated that Eagle received a request from a customer regarding an outstanding water bill of \$2,064.35 following the sale of their property in December 2021. Mr. Riley stated that the previous owner had not notified Eagle of the sale of the property and the new owner had not registered as a customer for water but had used a significant amount of water from December 2021 to February 2022. Following discussion, the Board requested that Eagle notify the previous owner of the amount due up to the sale of their property, notify the new owner of the overdue bill from December 2021 to February 2022, and send any outstanding amounts that are not paid to the District's collections agency.

Mr. Riley stated that Eagle is arranging for gross alpha testing in Heatherwood Village. He added the results will be sent to state agencies.

Mr. Riley stated that the orange stain from the road and curb in Heatherwood Village has been removed. He added that the fire hydrant auto-flushers have been removed and Eagle is working with Director Skarboszewski regarding the potential installation of a 2-inch tap with a blowout valve and meter, which will drain directly to a storm sewer.

Discussion ensued regarding billing for surface water fees, and the Board requested that Mr. Riley coordinate with the District bookkeeper to confirm the amounts billed and collected.

Mr. Riley 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.

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.

Following review and discussion, Director Skarboszewski moved to accept the operator's report and terminate utility service in accordance with the procedures set forth in the District's Rate Order, because the residents on the termination list were neither present at the meeting nor had presented any statement on the matter, and direct that the delinquent customer list be filed appropriately and retained in the District's official records. Director Kennedy seconded the motion, which passed unanimously.

DISCUSS PUBLIC POWER POOL PROCUREMENT PROPOSAL AND AUTHORIZE APPROPRIATE ACTION

The Board reviewed a procurement proposal for ceiling and target rates, and an opportunity for procurement of electricity generated by renewable sources at or below an additional 10% premium to the ceiling rates. The Board concurred to decline the renewable sources option. Director Bernardini stated that the District will be included in the 2022 procurement unless the District withdraws from the procurement process by April 15, 2022.

Following discussion, Director Bernardini moved to continue with the procurement process and the District's membership with Public Power Pool. Director Skarboszewski seconded the motion, which passed unanimously.

DISCUSS UTILITY CONTRACT WITH LAKEWOOD FOREST UTILITY DISTRICT AND AUTHORIZE APPROPRIATE ACTION

Ms. Harrington reviewed the current contract with Lakewood Forest Utility District ("LFUD") and stated it expires on August 18, 2022. She recommended the Board authorize ABHR to coordinate with LFUD to renew the contract for a period of 40-years with a clause for automatic one-year renewals. Following discussion, the Board requested ABHR coordinate with LFUD to renew the contract for a period of 40-years with a clause for automatic one-year renewals.

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

Director Murr reported on NHCRWA matters.

LAKE FOREST PLANT ADVISORY COUNCIL MATTERS

Director Skarboszewski stated that the next LFPAC meeting is scheduled for April 12, 2022.

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

The Board reviewed the monthly activity report, a copy of which is attached.

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

CONVENE IN EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE, TO CONDUCT A PRIVATE CONSULTATION WITH ATTORNEY

The Board convened in executive session at 10:51 a.m. Mr. Riley, Ms. Harrington, and Ms. Simonds were also present.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

The Board reconvened in open session at 11:11 a.m.

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

Secretary, Board of Directors



(SEAL)

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