

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 18

July 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 July, 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 Kennedy, thus constituting a quorum.

Also present at the meeting were: Ryan Fortner of Revenue Management Services; Lieutenant Wayne Curry of the Harris County Precinct 4 Constable's Office; Wendy Austin of District Data Services, Inc. ("DDS"); Autumn Clark of Wheeler & Associates, Inc. ("Wheeler"); Tom Matkin 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").

PUBLIC COMMENT

There were no public comments.

MINUTES

The Board considered approving the minutes of the June 13, 2022, regular meeting and June 28, 2022, special meeting. After review and discussion, Director Skarboszewski moved to approve the minutes as presented. Director Bernardini seconded the motion, which passed unanimously.

SECURITY MATTERS

The Board reviewed the security report and discussed security matters in the District. A copy of the security report is attached.

The Board deferred action on the proposed Interlocal Agreement for Law Enforcement Services with Harris County.

FINANCIAL AND BOOKKEEPING MATTERS

The Board reviewed the bookkeeper's report, including the energy consumption report and budget comparison, and the District's bills presented for payment. A copy of the bookkeeper's report is attached.

Ms. Austin noted that the District has not received sales tax funds from the City of Houston since September 2021. She added that Sales Revenue, Inc. has contacted the City of Houston regarding the outstanding payments.

Ms. Austin noted additional check no. 11315 to Arthur J. Gallagher & Co. ("Gallagher") in the amount of \$19,372 and additional check no. 11316 to Texas Mutual in the amount of \$400.00. She noted that check no. 11314 to McDonald Wessendorff Insurance in the amount of \$23,970.00 has been voided.

The Board discussed the Association of Water Board Directors ("AWBD") summer conference held in Fort Worth. Ms. Austin stated the expenses submitted were in accordance with the District's Travel Reimbursement Guidelines.

Discussion ensued regarding North Harris County Regional Water Authority ("NHCRWA") fees, water accountability, and the District's Rate Order.

Following review and discussion, Director Murr moved to: (1) approve the bookkeeper's report and payment of the bills, including additional check nos. 11315 and 11316; (2) approve reimbursement of eligible expenses for the summer conference, which were submitted in accordance with the District's Travel Reimbursement Guidelines; and (3) authorize interested directors to attend the AWBD winter conference. Director Swann seconded the motion, which passed unanimously.

DISCUSS SALES TAX MONITORING SERVICE AGREEMENT AND AUTHORIZE APPROPRIATE ACTION

Mr. Fortner presented a proposal and reviewed a Sales Tax Monitoring Service Agreement with Revenue Management Services.

Mr. Fortner left the meeting.

Following discussion, Director Skarboszewski moved to authorize ABHR to obtain two additional proposals to present to the Board at the next regular meeting. Director Bernardini seconded the motion, which passed unanimously. The Board concurred for the scope of work to include quarterly inspections and an annual written report.

TAX ASSESSMENT AND COLLECTION MATTERS

Ms. Clark reviewed the tax assessor/collector's report and the delinquent tax roll, copies of which are attached. She reported that 98.16% of the 2021 taxes had been collected as of June 30, 2022.

Ms. Harrington discussed the "truth-in-taxation" property tax calculations and tax levy process for water districts in Chapter 49, Texas Water Code. She stated that such legislation established three main categories for water districts, based on a district's development status and/or tax rate. Ms. Harrington reviewed the definitions for each of the three categories and said the Board must annually determine the District's category for that tax year and follow the associated notice and levy provisions in the Texas Water Code.

Discussion ensued regarding the District's development status. After fully considering relevant data, information, and statutory definitions, the Board determined that the District is a Developed District for the 2022 tax year.

Following review and discussion, Director Murr moved to: (1) approve the tax assessor/collector's report and payment of the tax bills; and (2) adopt a Resolution Regarding Development Status for 2022 Tax Year establishing the District as a Developed District for the 2022 tax year, pursuant to Section 49.23602, Texas Water Code, and direct that the Resolution be filed appropriately and retained in the District's official records. Director Skarboszewski seconded the motion, which passed unanimously.

APPROVE DEPOSITORY PLEDGE AGREEMENT, SERVICE AGREEMENT AND RELATED DOCUMENTS

The Board deferred action on this agenda item.

RENEWAL OF DISTRICT'S INSURANCE POLICIES

Ms. Harrington stated that the District's insurance policies with W.I.N. through Arthur J. Gallagher & Co. ("Gallagher") expire on August 12, 2022. The Board reviewed Gallagher's insurance renewal proposal, and a proposal from McDonald and Wessendorff Insurance. Following review and discussion, Director Bernardini moved to accept the insurance renewal proposal from W.I.N. and direct that the proposal be filed appropriately and retained in the District's official records. Director Skarboszewski seconded the motion, which passed by majority vote, with Director Murr abstaining.

ENGINEER'S REPORT

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

Mr. Matkin reviewed a summary of current and anticipated future capital projects, a copy of which is attached to the engineer's report. He stated that there are no changes to the summary.

Mr. Matkin 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. Matkin gave an update on the ongoing discussion of the District water system. He stated that AEI is coordinating a meeting with NHCRWA, AEI, and Directors Bernardini and Skarboszewski to discuss the construction of a NHCRWA water line to Oak Bluff water plant.

Mr. Riley updated the Board on the test using Malcomson Road water plant to supply surface water to most of the District. He stated that the Oak Bluff water plant is only supplying about 10% of the District's water supply at this time, and additional polyphosphates have been added to the water system as recommended by Water Utility Services.

Mr. Matkin updated the Board on the possible metered interconnect with Malcomson Road Utility District, as reflected in the engineering report.

Mr Matkin updated the Board on the sanitary sewer system cleaning and televising program, area II. He reviewed and recommended approval of Pay Estimate No. 2 in the amount of \$9,865.45, to CSI Consolidated LLC dba AIMS. Discussion ensued regarding approximately 200 feet of pipe that was not rehabilitated in a previous project, and Mr. Matkin stated AEI is investigating the matter.

Mr. Matkin updated the Board on the amended Emergency Preparedness Plan.

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

Mr. Matkin stated that record drawings were provided to Binkley and Barfield, Inc. for a CenterPoint telecommunications project. He added construction is underway and AEI is awaiting a schedule.

Following review and discussion, and based on the engineer's recommendation, Director Skarboszewski moved to approve the engineer's report and approve Pay Estimate No. 2 in the amount of \$9,865.45 to AIMS for the sanitary sewer system cleaning and televising program, area II. Director Murr seconded the motion, which passed unanimously.

EMERGENCY RESPONSE PLANS

There was no discussion on this agenda item.

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

Mr. Riley then 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 92.29%.

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 Murr moved to: (1) accept the operator's report; and (2) 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 Swann seconded the motion, which passed unanimously.

APPROVE RENEWAL OF EMERGENCY WATER SUPPLY CONTRACT WITH FAULKEY GULLY MUNICIPAL UTILITY DISTRICT

Ms. Harrington updated the Board on the revisions to the contract with Faulkey Gully Municipal Utility District. Discussion ensued regarding a set fee of \$1.25 per 1,000 gallons, renewing for a period of 40 years with a clause for automatic one-year renewals. Following discussion, Director Bernardini moved to approve the amended contract with Faulkey Gully Municipal Utility District, subject to finalization. Director Skarboszewski seconded the motion, which passed unanimously.

NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY MATTERS

Ms. Harrington updated the Board on Series B ground water credits.

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, a copy of which is attached.

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 10:59 a.m. Ms. Harrington and Ms. Simonds were also present.

RECONVENE IN OPEN SESSION

The Board reconvened in open session at 11:09 a.m. No action was taken by the Board.

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

/s/ Michael Murr _____
Secretary, Board of Directors



(SEAL)

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