

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 18

July 10, 2023

The Board of Directors (the “Board”) of Harris County Municipal Utility District No. 18 (the “District”) met in regular session, open to the public, on the 10th day of July 2023, at the offices of Baxter Woodman, Inc., 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 Bernardini, thus constituting a quorum.

Also present at the meeting were: Lieutenant Wayne Curry of the Harris County Precinct 4 Constable’s Office; Angela Riley of District Data Services, Inc.; Isabel Mata of Wheeler & Associates, Inc.; Tom Matkin and Janice Noeldner of Baxter Woodman, Inc. (“Baxter Woodman”); TR Riley of Eagle Water Management, Inc.; 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 12, 2023, regular meeting. After review and discussion, Director Swann moved to approve the minutes as presented. Director Murr seconded the motion, which passed unanimously.

SECURITY MATTERS

Lieutenant Curry 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.

RENEWAL OF DISTRICT'S INSURANCE POLICIES

Ms. Simonds stated that the District's insurance policies with W.I.N. through Arthur J. Gallagher & Co. ("Gallagher") expire on August 12, 2023. The Board reviewed Gallagher's insurance renewal proposal, and a proposal from McDonald and Wessendorff Insurance. Following review and discussion, Director Skarboszewski moved to accept the insurance renewal proposal from Gallagher and direct that the proposal be filed appropriately and retained in the District's official records. Director Swann seconded the motion, which passed by majority vote, with Director Murr abstaining.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Riley 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.

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

Ms. Harrington stated that House Bill No. 2815, which became effective on June 18, 2023, sets the maximum water district director fees of office at the per diem amount set by the Texas Ethics Commission for members of the legislature. She noted that, pursuant to House Bill No. 2815, the current maximum amount for director fees of office is \$221.00, and going forward, the maximum amount automatically will be indexed for inflation.

Following review and discussion, Director Swann moved to: (1) approve the bookkeeper's report and payment of the bills; (2) approve reimbursement of eligible expenses for the AWBD summer conference, which were submitted in accordance with the District's Travel Reimbursement Guidelines; (3) authorize interested directors to attend the AWBD winter conference; and (4) approve payment of directors' fees of office at the new maximum amount allowed by law, effective as of June 18, 2023. Director Kennedy seconded the motion, which passed unanimously.

TAX ASSESSMENT AND COLLECTION MATTERS

Ms. Mata reviewed the tax assessor/collector's report and the delinquent tax roll, copies of which are attached. She updated the Board on administrative fees for installment payment plans.

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 2023 tax year.

Ms. Harrington reported on legislation passed by the Texas Legislature to update the language for the Notice to Purchasers form that must be provided by persons proposing to sell or convey real property located in a water district. She said water districts that are required to maintain a website or have access to a website under Section 26.18, Tax Code, are also now required to post their Notice to Purchasers on the applicable website. The Board then considered authorizing execution of an Amendment to Information Form reflecting the District's new form of Notice to Purchasers attached thereto. Ms. Harrington explained that the District is required to file the Amendment to Information Form in the Official Public Records of Real Property of Harris County and with the Texas Commission on Environmental Quality ("TCEQ").

Following review and discussion, Director Kennedy moved to: (1) approve the tax assessor/collector's report and payment of the tax bills; (2) adopt a Resolution Regarding Development Status for 2023 Tax Year establishing the District as a Developed District for the 2023 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; and (3) authorize execution of the Amendment to Information Form and to authorize filing with Harris County and the TCEQ. Director Murr seconded the motion, which passed unanimously.

ENGINEERING REPORT

Ms. Noeldner 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 there are no changes.

Ms. Noeldner gave an update on Lake Forest Plant Advisory Committee ("LFPAC") activities and reviewed the Plant engineer's report, a copy of which is attached to the engineer's report.

Ms. Noeldner gave an update on the ongoing discussion of the District's water system, as reflected in the engineer's report. She reviewed an alternative route for the proposed surface water line to Oak Bluff water plant, noting that the North Harris County Regional Water Authority ("NHCRWA") has agreed to fund 50% of the project

with a cap on the costs. She stated that NHCRWA is undecided whether it should be a NHCRWA or District project. Discussion ensued regarding the timeline for and oversight of the project, ownership and maintenance of the surface water line upon completion of the project, joint funding of the construction costs during the project, and the District's budget.

Ms. Noeldner updated the Board on the water distribution system modelling, as reflected in the engineer's report.

Ms. Noeldner updated the Board on the sanitary sewer system cleaning and televising program - area III. She stated that most videos and reports have been reviewed and there are no noteworthy findings.

Ms. Noeldner updated the Board on the water plant improvements, as reflected in the engineer's report.

Ms. Noeldner updated the Board on the emergency generator at Oak Bluff water plant and reviewed estimated costs for the replacement. Mr. Riley reviewed operating reports for Oak Bluff and Malcomson Road water plant generators, copies of which are attached.

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

Ms. Noeldner stated that there is no update regarding the consent to encroachment.

Following review and discussion, and based on the engineer's recommendation, Director Kennedy moved to approve the engineer's report and authorize Baxter Woodman and ABHR to continue to negotiate with NHCRWA regarding the proposed surface water line. Director Swann seconded the motion, which passed unanimously.

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

Mr. Riley updated the Board on the valve survey and stated that he estimates that 2-4 valves can be inspected per hour at \$22.00 per hour plus labor. Discussion ensued regarding an annual fire hydrant inspection, 3-year valve survey inspections, and 5-year manhole inspections.

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 94.53%.

Ms. Noeldner updated the Board on the non-skid tape on the ground storage tank roof at the Malcomson Road water plant. She stated that the tape is the same material as Harris County Municipal Utility District No. 116 used for its facility roofing. Discussion ensued regarding the proposal from Citywide Utilities in the amount of \$8,500.

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 Swann moved to: (1) accept the operator's report; (2) authorize the operator to calendar fire hydrant inspections annually, valve survey inspections every three years, and manhole inspections every five years; (3) approve the valve survey inspection in the amount of \$22.00 per hour for 2-4 valves per hour, plus labor; (4) approve the proposal from Citywide Utilities for non-skid tape on ground water storage tank roof at Malcomson Road water plant in the amount of \$8,500 with a 2-year warranty; and (5) 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 Murr seconded the motion, which passed unanimously.

NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY MATTERS

Director Murr updated the Board on NHCRWA matters.

LAKE FOREST PLANT ADVISORY COUNCIL MATTERS

Director Skarboszewski reported on LFPAC matters.

WEBSITE AND COMMUNICATION MATTERS

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

REPORT REGARDING LEGISLATIVE MATTERS

Ms. Harrington presented a report prepared by ABHR regarding legislative matters pertaining to the 88th Regular Session of the Texas Legislature.

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

Secretary, Board of Directors



(SEAL)

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