

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 18

September 13, 2021

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 13th day of September, 2021, 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 Bernardini, thus constituting a quorum.

Also present at the meeting were: Wendy Austin of District Data Services, Inc. ("DDS"); Tom Matkin and Janice Noeldner 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").

Due to the COVID-19 virus epidemic emergency and the high threat level warnings issued by various governments and agencies, the District established a telephone option for members of the public to listen to the meeting and to address the Board.

On the telephone were: Spencer Day of Masterson Advisors LLC ("Masterson"); and Yvonne Luevano of Wheeler & Associates, Inc. ("Wheeler").

PUBLIC COMMENT

There were no comments from the public.

MINUTES

The Board considered approving the minutes of the July 29, 2021, special meeting, and August 9, 2021, regular meeting. After review and discussion, Director Swann moved to approve the minutes of the July 29, 2021, special meeting, and August 9, 2021, regular meeting, as presented. Director Murr seconded the motion, which passed unanimously.

## 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. A copy of the bookkeeper's report is attached.

After review and discussion, Director Murr moved to approve the bookkeeper's report, quarterly investment report, and payment of the bills. Director Swann seconded the motion, which passed unanimously.

## SECURITY MATTERS

The Board reviewed the security report submitted by Harris County Constable Precinct 4 and discussed security matters in the District. A copy of the security report is attached.

## DISCUSS FINANCING OPTIONS FOR CAPITAL IMPROVEMENT PROJECTS AND TAKE APPROPRIATE ACTION

There was no discussion on this agenda item.

## 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 98.49% of the 2020 taxes had been collected as of August 31, 2021.

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

## APPROVE DEPOSITORY PLEDGE AGREEMENT WITH ALLEGIANCE BANK

Ms. Luevano stated that Comerica will no longer offer collateralized deposits. The Board reviewed a Depository Pledge Agreement ("Agreement") between the District and Allegiance Bank.

Following discussion, Director Murr moved to approve the Agreement with Allegiance Bank, direct that the Agreement be given to the tax assessor/collector for completion and forwarded to Allegiance Bank for execution, and direct that the Agreement, once completed and fully executed, be filed appropriately and retained in the District's official records. Director Kennedy seconded the motion, which passed unanimously.

DISCUSS 2021 TAX RATE, ADOPT RESOLUTION REGARDING DEVELOPMENT STATUS FOR 2021 TAX YEAR, SET PUBLIC HEARING DATE, AND AUTHORIZE NOTICE OF PUBLIC HEARING REGARDING ADOPTION OF TAX RATE

The Board considered the District's 2021 tax rate. 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 2021 tax year.

Mr. Day then reviewed a 2021 tax rate analysis, a copy of which is attached. The Board discussed the District's operation and maintenance tax rate. Ms. Harrington then discussed the two-step process for setting the District's tax rate.

Following review and discussion, Director Swann moved to: (1) adopt a Resolution Regarding Development Status for 2021 Tax Year establishing the District as a Developed District for the 2021 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; (2) set the public hearing date for October 11, 2021; and (3) authorize the tax assessor/collector to publish notice of the District's meeting on October 11, 2021, to set the proposed 2021 total tax rate of \$0.356 per \$100 of assessed valuation. Director Murr seconded the motion, which passed unanimously.

ENGINEER'S REPORT

Mr. Matkin and Ms. Noeldner 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 there were no changes.

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 updated the Board on the Malcomson Road water plant rehabilitation, as reflected in the engineer's report.

Mr. Matkin stated that the District's Risk & Resilience Assessment certification was submitted to the Environmental Protection Agency on June 25, 2021. He reported that the

deadline to submit certification of the District's Emergency Response Plan is December 25, 2021, and he added that AEI is in the process of preparing the Emergency Response Plan.

Mr. Matkin updated the Board on the PLC and SCADA programming backup project, as reflected in the engineer's report.

Ms. Noeldner updated the Board on the sanitary sewer cleaning and televising of area 1. She stated the obstruction in the line between MH197 and MH196 has been removed. She then presented an opinion on probable costs in the amount of \$42,000 for the sanitary sewer cleaning and televising of area 2, which is scheduled for January 2022.

Ms. Noeldner stated the annual water plant evaluations for the District's two ground storage tanks are due in October and she requested authorization to proceed with the ground storage tank inspections and prepare the evaluation report.

Ms. Noeldner stated that the one-year warranty inspection for the Oak Bluff and Malcomson Road water plant electrical improvements is scheduled for September 13, 2021.

Ms. Noeldner 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. She stated that the District's water line and sanitary sewer maps were provided to the developer. She added that AEI has not received an update.

Following review and discussion, and based on the engineer's recommendation, Director Kennedy moved to approve the engineer's report and authorize AEI to proceed with the ground storage tank inspections and prepare the evaluation report. 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 93.53%.

Mr. Riley stated Eagle received a written request from customer account number 656641 for an adjustment to their water bill due to a leak. Following discussion, the Board concurred to adjust the customer's water bill to the lowest water rate tier, provided that the customer signs up for leak detection notification on the EyeOnWater app.

Mr. Riley reviewed the customer service report with the Board.

Mr. Riley stated that Accurate Meter & Backflow, LLC is completing the leak detection report and he will present the findings at the next regular meeting.

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 (1) to accept the operator's report; and (2) that because the residents on the termination list were neither present at the meeting nor had presented any statement on the matter, to terminate utility service 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 Swann seconded the motion, which passed unanimously.

The Board tabled action on amending the District's Rate Order.

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

The Board did not receive a report.

LAKE FOREST PLANT ADVISORY COUNCIL ("LFPAC") MATTERS

Director Skarboszewski reported on the most recent LFPAC meeting.

WEBSITE MATTERS

There was no discussion on this agenda item.

CONVENE IN EXECUTIVE SESSION PURSUANT TO SECTION 551.076, TEXAS GOVERNMENT CODE, TO DELIBERATE THE DEPLOYMENT, OR SPECIFIC OCCASIONS FOR IMPLEMENTATION, OF SECURITY PERSONNEL OR DEVICES, OR A SECURITY AUDIT

The Board did not convene in executive session.

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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