

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 18

September 12, 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 12th day of September, 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:

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| 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 Skarboszewski, thus constituting a quorum.

Also present at the meeting were: Spencer Day of Masterson Advisors LLC; 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 Erik Sanchez 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 August 8, 2022, regular meeting. After review and discussion, Director Bernardini moved to approve the minutes as presented. Director Kennedy 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.

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.

Following review and discussion, Director Bernardini moved to approve the bookkeeper's report and payment of the bills. Director Swann seconded the motion, which passed unanimously.

DISCUSS SALES TAX MONITORING SERVICE AGREEMENT AND AUTHORIZE APPROPRIATE ACTION

Director Murr reviewed a comparison for sales tax monitoring services. Following discussion, Director Bernardini moved to: (1) terminate the current Sales Tax Monitoring Service Agreement with Sales Revenue Inc., and (2) approve and authorize execution of an Agreement for Sales Tax Tracking Services with B&A Sales Tax Service, subject to finalization, and direct that the Agreement be filed appropriately and retained in the District's official records. Director Kennedy seconded the motion, which passed unanimously.

TAX ASSESSMENT AND COLLECTION MATTERS

Ms. Luevano reviewed the tax assessor/collector's report and the delinquent tax roll, copies of which are attached. She reported that 98.73% of the 2021 taxes had been collected as of August 31, 2022.

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

DISCUSS 2022 TAX RATE, SET PUBLIC HEARING DATE, AND AUTHORIZE NOTICE OF PUBLIC HEARING REGARDING ADOPTION OF TAX RATE

Mr. Day reviewed a 2022 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 Bernardini moved to: (1) set the public hearing date for October 10, 2022; and (2) authorize the tax assessor/collector to publish notice of the District's meeting on October 10, 2022, to set the proposed 2022 total tax rate of \$0.33177 per \$100 of assessed valuation. Director Swann seconded the motion, which passed unanimously.

APPROVE DEPOSITORY PLEDGE AGREEMENT, SERVICE AGREEMENT AND RELATED DOCUMENTS

The Board deferred action on this agenda item.

ENGINEERING 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 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, as reflected in the engineering report. Mr. Riley reported that samples were taken before the valve on Hillbrook Drive was closed and that further samples are being taken now that the valve is closed. Mr. Riley stated that he will update the Board at the next meeting.

The Board discussed the proposed construction of a North Harris County Regional Water Authority ("NHCRWA") water line to Oak Bluff water plant. Mr. Matkin reviewed a draft letter to NHCRWA requesting a 50% contribution. Following discussion, the Board requested AEI send the letter to NHCRWA, subject to final review by ABHR and Director Bernardini.

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

Mr. Sanchez presented an overview of the water distribution system modelling and reviewed a proposal for a scaled back model in the amount of \$10,000. The Board requested that AEI present a proposal for the full model at the next meeting.

Ms. Noeldner updated the Board on the sanitary sewer system cleaning and televising program, as reflected in the engineering report.

Ms. Noeldner stated the annual water plant evaluation for the Oak Bluff water plant ground storage tank is due in September and she requested authorization to proceed with the ground storage tank inspection and prepare the evaluation report.

Ms. Noeldner stated that the amended Emergency Preparedness Plan was submitted to the Texas Commission on Environmental Quality on July 1, 2022.

Ms. Noeldner reviewed the one-year warranty inspection punch list for the Malcomson Road water plant rehabilitation.

Ms. Noeldner reported that Parsons House receives District water but is on a private septic system, and has requested District sanitary sewer service. She stated that she would provide options and costs for the connection to the District's sanitary sewer system at the next meeting.

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 11:04 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. Director Bernardini moved to engage outside counsel. Director Swann seconded the motion, which passed unanimously.

Director Murr left the meeting.

ENGINEERING MATTERS (CONTINUED)

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

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

Following review and discussion, and based on the engineer's recommendation, Director Bernardini moved to approve the engineer's report and authorize AEI to proceed with the Oak Bluff water plant ground storage tank inspection and prepare the evaluation report. Director Kennedy 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 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 94.58%.

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.

Ms. Harrington updated the Board on the First Amendment to the Utility Contract with Lake Forest Utility District. Following discussion, Director Bernardini moved to approve the First Amendment to the Utility Contract with Lake Forest Utility District. Director Kennedy seconded the motion, which passed unanimously.

Following review and discussion, Director Bernardini 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.

NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY MATTERS

There was no discussion on this agenda item.

LAKE FOREST PLANT ADVISORY COUNCIL MATTERS

There was no discussion on this agenda item.

WEBSITE MATTERS

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

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

/s/ Michael Murr
Secretary, Board of Directors



(SEAL)

LIST OF ATTACHMENTS TO MINUTES

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