

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 18

November 13, 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 13th day of November, 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, thus constituting a quorum.

Also present at the meeting were: Lieutenant Wayne Curry of the Harris County Precinct 4 Constable’s Office; Wendy Austin 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 October 9, 2023, regular meeting. After review and discussion, Director Swann moved to approve the minutes as presented. Director Skarboszewski seconded the motion, which passed unanimously.

SECURITY MATTERS

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

After Discussion, Director Bernardini stated that he will advise Lieutenant Curry that he does not need to attend the meeting going forward.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Austin 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 reported that the missing sales tax payment from the City of Houston for April 2022 has been received.

BUDGET FOR FISCAL YEAR END DECEMBER 31, 2024

Ms. Austin reviewed the draft budget for the fiscal year end December 31, 2024, a copy of which is included in the bookkeeper's report. Discussion ensued and the Board concurred to adopt the budget at the December Board meeting.

CONDUCT ANNUAL REVIEW OF INVESTMENT POLICY AND ADOPT RESOLUTION REGARDING ANNUAL REVIEW OF INVESTMENT POLICY

The Board reviewed the District's Investment Policy and determined not to make any amendments to the Investment Policy.

ADOPT RESOLUTION ESTABLISHING AUTHORIZED DEPOSITORY INSTITUTIONS AND LIST OF QUALIFIED BROKER/DEALERS WITH WHOM THE DISTRICT MAY ENGAGE IN INVESTMENT TRANSACTIONS

Ms. Harrington reviewed a Resolution Establishing Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions and stated that the Resolution updates the list of institutions with which the District may invest funds.

Following review and discussion, Director Bernardini moved to: (1) approve the bookkeeper's report and payment of the bills; (2) adopt a Resolution Regarding Annual Review of Investment Policy reflecting that no amendments were necessary to the Investment Policy at this time; and (3) adopt the Resolution Establishing Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions. Director Swann 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.

The Board discussed the annual fee pursuant to the Out-of-District Service Agreement.

Following review and discussion, Director Skarboszewski moved to: (1) approve the tax assessor/collector's report and payment of the tax bills; and (2) authorize the tax assessor/collector to send an invoice to Jacobian and Rachel Richardson for the annual fee pursuant to the Out-of-District Service Agreement. Director Swann seconded the motion, which passed unanimously.

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. Discussion ensued regarding rescheduling projects for 2025.

Mr. Matkin 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.

Mr. Matkin gave an update on the ongoing discussion of the District's water system, as reflected in the engineer's report. Discussion ensued regarding the proposed Interlocal Cost Sharing Agreement with North Harris County Regional Water Authority ("NHCRWA") for the construction of the surface water line to Oak Bluff water plant and other options to optimize water quality in a more economical way. Following discussion, the Board concurred to not proceed with the NHCRWA construction of the surface water line to Oak Bluff water plant and the Cost Sharing Agreement at this time, due to the District's limited financial resources, the financial risks of construction costs increasing, and the need to prioritize other District projects.

Ms. Noeldner reviewed a draft abbreviated summary of the water distribution system modeling.

Ms. Noeldner requested authorization to begin design of the Phase IV sanitary sewer cleaning and televising.

Ms. Noeldner updated the Board on the Malcomson Road water plant generator replacement, fence replacement, and site improvement project. Director Swann requested that Baxter Woodman compare a previous topography report from 2008 against the new topography report.

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

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

Ms. Noeldner reviewed the Oak Bluff water plant evaluation report and provided recommendations to the Board.

Ms. Noeldner updated the Board on the lead service line inventory.

Ms. Noeldner reported that construction of the Hamilton Elementary School addition is nearing completion.

Mr. Riley stated that the resident at 11823 Park Creek Drive has not erected a fence that would require a Consent to Encroach.

Following review and discussion, and based on the engineer's recommendation, Director Skarboszewski moved to: (1) approve the engineer's report; and (2) authorize Baxter Woodman to commence design of the Phase IV sanitary sewer cleaning and televising. Director Bernardini seconded the motion, which passed unanimously.

UPDATE ON EMERGENCY WATER INTERCONNECT WITH FAULKEY GULLY MUNICIPAL UTILITY DISTRICT ("FAULKEY GULLY") AND TAKE APPROPRIATE ACTION

Ms. Noeldner stated that Faulkey Gully is testing its lines to confirm whether there is a second, unmetered emergency water interconnect.

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

Mr. Riley reviewed proposals for 36-inch x 24-inch District signs in the amount of \$140.00 per sign and 36-inch x 24-inch drought contingency signs in the amount of \$120.00 per sign.

Mr Riley stated that booster pump no. 3 at Malcomson Road water plant required a repair in the amount of \$15,106.

Mr. Riley reviewed electronic payment processing agreements with Heartland Payment Services.

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 92.52%.

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 Bernardini moved to: (1) accept the operator's report; (2) approve the proposals for District signage in the amount of \$140.00 per sign and drought contingency signs in the amount of \$120.00 per sign; (3) ratify approval of the repair to booster pump no. 3 at Malcomson Road water plant in the amount of \$15,106.00; (4) approve the electronic payment processing agreements with Heartland Payment Services, subject to final review by ABHR, and direct that the Agreements be filed appropriately and retained in the District's official records; 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 Kennedy 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 discussed website and communication matters.

OPERATION OF DISTRICT FACILITIES (CONTINUED)

Mr. Riley stated that the District, as a small public water system, will need to test for per- and polyfluoroalkyl substances ("PFAS") starting in 2024. Ms. Harrington provided additional information regarding the PFAS water sampling requirements and related legal matters.

TAX MATTERS (CONTINUED)

Director Swann discussed the District's Strategic Partnership Agreement with the City of Houston ("SPA") and reviewed her questions regarding certain provisions in the SPA. Ms. Harrington stated she will review the SPA and provide feedback at the next meeting.

CONVENE IN EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE, TO CONDUCT A PRIVATE CONSULTATION WITH ATTORNEY TO DISCUSS PENDING OR CONTEMPLATED LITIGATION, OR A SETTLEMENT OFFER

The Board convened in executive session at 11:37 a.m. Ms. Harrington and Ms. Simonds were also present.

RECONVENE IN OPEN SESSION

The Board reconvened in open session at 11:51 a.m. No action was taken by the Board.

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

Secretary, Board of Directors



(SEAL)

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