

MINUTES OF REGULAR MEETING
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 18
BRAZORIA COUNTY, TEXAS

March 27, 2007

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

The Board of Directors (the "Board") of Brazoria County Municipal Utility District No. 18 (the "District") of Brazoria County, Texas, met in regular session, open to the public, at 6:00 p.m. on the 27th day of March 2007, at the regular meeting place thereof, the Pearland Public Library, 3522 Liberty Drive, Pearland, Texas, outside the boundaries of the District, and the roll was called of the duly constituted officers and members of the Board, to-wit:

Brandon J. Shimek	President
O.E. (Mickey) McDonald	Vice President
Richard W. Wach	Secretary/Treasurer
Chad Thurman	Assistant Secretary
Terry L. Webb	Director

All directors were present, except Director Thurman, thus constituting a quorum.

Also present were Ms. Dana Davis of Myrtle Cruz, Inc., the District's Bookkeeper; Ms. Cathy Brittain of Assessments of the Southwest, Inc., the District's Tax Assessor/Collector; Mr. Steve Gardner of Huitt-Zollars, Inc., the District's Engineer; Mr. Aaron McGuire of R. West Development Co., Inc., a developer in the District; Mr. Pierre Nys of Kirby Run Management, a developer in the District; Ms. Linda Mitchell, a resident of the District; Mr. John R. Wallace and Ms. Kim Laird of Bacon & Wallace, L.L.P., the District's Attorneys.

WHEREUPON, following a notation that notices of the meeting had been duly posted in accordance with law, copies of which are attached hereto as exhibits, the meeting was called to order.

APPROVAL OF MINUTES

Minutes of the meeting of the Board of Directors held on February 27, 2007 were presented for review and approval. Upon motion duly made and seconded, the Board voted unanimously to approve such minutes as presented.

RESIGNATION OF DIRECTOR

Upon motion duly made and seconded, the Board voted unanimously to accept the resignation of Chad Thurman from the Board of Directors of the District.

PUBLIC COMMENTS

Linda Mitchell then addressed the Board concerning her background and qualifications to be appointed to the Board of Directors to fill the open position on the Board. Ms. Mitchell stated that she worked part-time for Brazoria County Judge Gordon Starkenburg, but that this was not an elected position. The Board determined to table this matter until the next meeting.

TAX ASSESSOR/COLLECTOR'S REPORT

Cathy Brittain presented the Tax Assessor/Collector's report, a copy of which is attached hereto as an exhibit. Ms. Brittain reported that the District had collected 91% of the 2006 tax levy. Ms. Brittain reported that \$760,000 had been transferred to the debt service account.

Ms. Brittain then presented letters from four District taxpayers requesting waivers of the penalties and interest for late payment of their delinquent taxes, copies of which are attached as exhibits. After review and discussion, the Board determined to grant the request on the Plourde tax account to refund the penalties and interest paid based on an error on the part of Harris County Appraisal District, and to deny the requests from the other three taxpayers.

Upon motion duly made and seconded, the Board voted unanimously to approve the Tax Assessor/Collector's report and to authorize payment of the checks listed thereon.

TAX COLLECTION AGREEMENT

Mr. Wallace reported on the status of the District's current tax collection agreement with Perdue, Brandon, Fielder, Collins & Mott, L.L.P. and Schwartz, Page & Harding, L.L.P. After conferring with Mr. Don Roseman of Perdue, Brandon, Mr. Wallace recommended termination of this agreement, given the recent change in legal counsel. Upon motion duly made and seconded, the Board voted unanimously to approve execution of a letter terminating the agreement, a copy of which is attached hereto as an exhibit.

Mr. Wallace then presented a Contract for the Collection of Delinquent Taxes submitted by Perdue, Brandon, Fielder, Collins & Mott, L.L.P., a copy of which is attached hereto as an exhibit. Upon motion duly made and seconded, the Board voted unanimously to approve execution of the Contract as presented.

BOOKKEEPER'S REPORT

Dana Davis presented the Bookkeeper's report, a copy of which is attached hereto as an exhibit. Ms. Davis reported that the District's budget for developer interest is overdrawn. She said she would discuss the matter with Director Shimek before contacting the District's Auditor. Ms. Davis also reported that the District was holding a check payable to Schwartz, Page & Harding, L.L.P., pending resolution of a billing question. Ms. Davis also reported that the City

of Pearland's monthly revenue payments to the District of \$5 per connection had been reduced by 19 connections.

Mr. Wallace discussed the status of the request from MHI for reimbursement of approximately \$44,000 from the District for impact fees. He asked whether the reimbursement would require an application for surplus funds or if the costs were included in a prior bond issue. Ms. Davis said that the requested reimbursement was part of the District's Series 2002 Bonds. She noted that due to the delay in presenting the receipts to the District, the developer was also willing to forego interest on the payment.

Director McDonald then announced that Ms. Davis had requested that all invoices be sent to her prior to the 15th of each month. Pierre Nys asked if impact fee requests should be sent to the Board of Directors or to the District's Auditor. Mr. Wallace said that new business should be sent to the Board through his office, with a copy to the Auditor.

Upon motion duly made and seconded, the Board voted unanimously to approve the Bookkeeper's report and the payment of the checks listed thereon.

ENGINEER'S REPORT

Steve Gardner presented the Engineer's report, a copy of which is attached hereto as an exhibit. Mr. Gardner reported on the Villa D'Este, Section 2 development and said that the roadway excavation work had commenced. With regard to the drainage improvements for the English Lakes Boulevard extension to serve the Towne Lake Estates subdivision, Mr. Gardner reported that a Notice to Proceed had not yet been issued to Base Construction. He also reported that the box culverts had been ordered and scheduled for delivery on March 26, 2007 for the culvert to cross Centennial Village.

Mr. Gardner next reported that Brazoria Drainage District No. 4 was planning a workshop meeting to decide if it would accept the ponds for maintenance. With regard to detention pond maintenance, Mr. Gardner reported that an invoice had been received from Champions Hydro-Lawn, Inc. for work performed in March 2007. He also reported that Champions Hydro-Lawn, Inc. had substantially completed the rehabilitation of the detention ponds in Pine Hollow, and that winter rye grass had been established. Mr. Gardner reported that the drainage improvements for Pine Hollow were being performed by the City of Pearland.

Upon motion duly made and seconded, the Board voted unanimously to approve the Engineer's report.

BOND APPLICATION NO. 5

The Board then reviewed correspondence from R. West Development Company, Inc. concerning a request that the District issue its fifth series of bonds. A copy of the letter regarding this matter is attached hereto as an exhibit. Mr. Gardner presented for the Board's review a draft Summary of Costs for the proposed bond application totaling \$3,780,000, a copy of which is attached hereto as an exhibit. Following discussion, the Board referred the matter to

Mr. Craig Rathmann, the District's Financial Advisor, for his analysis of the financial feasibility and timing of this bond issue.

Mr. Nys reported that a lift station would not be required for the future commercial development on the 6.3-acre tract on the corner of Lawrence Place. Mr. Nys said he planned to use underground detention for the tract. He said that construction of the development would not commence until the City of Pearland completes a road in front of the property. Mr. Nys reported that he would prepare a cost estimate of the project and present it to the Board for inclusion in the next bond issue. The Board requested that Mr. Nys seek clarification from the City of Pearland regarding whether the service lines for the development would be private or public.

ORDER CHANGING DISTRICT OFFICE

Mr. Wallace then presented to the Board for review and approval an Order Changing District Office, a copy of which is attached hereto as an exhibit. Upon motion duly made and seconded, the Board of Directors voted unanimously to approve the Order as presented.

OTHER BUSINESS

The Board then reviewed an estimate of the costs for the Directors to attend the Association of Water Board Directors' summer conference. The Board determined to review its guidelines for District reimbursement of travel expenses at a future meeting.

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

Secretary, Board of Directors

(SEAL)