

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

April 24, 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 24th day of April 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
Vacant	Assistant Secretary
Terry L. Webb	Director

All directors were present, 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. Dennis Tiff of Champions Hydro-Lawn, Inc., the District's detention pond maintenance contractor; Ms. Renee West 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, Mr. Edward Miller and Ms. Esther Miller, residents 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 March 27, 2007 were presented for review and approval. The Board noted changes that should be made to the minutes and following review, upon motion duly made and seconded, the Board voted unanimously to approve the minutes as revised.

OATH OF OFFICE AND RECONSTITUTION OF BOARD

Upon motion duly made and seconded, the Board voted unanimously to appoint Linda Mitchell to fill the unexpired term of Chad Thurman. Ms. Mitchell took her Oath of Office and executed an Affidavit of Director and Statement of Elected Officer. Copies of these documents are attached hereto as exhibits.

Upon motion duly made and seconded, the Board voted unanimously to reconstitute the Board of Directors with the officers stated as follows:

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

Director Mitchell participated in the remainder of the 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's preliminary estimate of taxable value as of April 1, 2007 was \$340,892,690. Steve Gardner requested that the Tax Assessor prepare a breakdown of the estimated value by section and lot. Ms. Brittain presented requests for waivers of penalties and interests on several delinquent tax accounts and recommended against granting the waivers because the Tax Assessor was not at fault for the taxpayers' failure to receive notice of the taxes due. Upon motion duly made and seconded, the Board voted unanimously to deny the requests for waivers of penalty and interest on the delinquent tax accounts.

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.

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 had received a \$437,206.38 rebate from the City of Pearland. Ms. Davis reported that a capital project transfer had been made in the amount of \$47,570.00. Ms. Davis reported that there was a \$703,566.48 balance on hand on the date of closing of the 2005 Series Bond Issue, and that those funds were transferred to the 2005 Series account. She reported surplus funds on hand of \$410,776.64 and contingency funds of \$75,400.00, which were also surplus, and can be used to reduce the amount of the District's next bond issue.

Mr. Wallace said that the District's Auditor had been tracking impact fees by subdivision and would provide a report to the District. Ms. Davis said that the difference in the amount of

impact fees in the budget was due to prepayment of the fees. Ms. Davis reported that the negative developer interest in the budget was part of the contingency amount to account for the change in interest rates. Ms. Davis noted that there was a budget surplus of \$57,577.23 due to a large amount of maintenance tax fees recently received.

The Board considered payment of \$44,270.00 due to MHI Partnership, Ltd. for unreimbursed impact fees. Mr. Wallace said that the District's Auditor had reviewed the request and found that reimbursement was proper. He presented a Receipt and Indemnity in connection with payment of the impact fees which had been executed by MHI. Upon motion duly made and seconded, the Board voted unanimously to disburse the impact fees to MHI and to execute the Receipt and Indemnity, a copy of which is attached hereto as an exhibit.

Ms. Davis then reviewed a preliminary draft of the District's operating budget for 2008. She said that she had lowered the projected water and sewer tax rebates on the draft budget due to the City of Pearland disconnecting delinquent water and sewer customers after the first month of delinquency. Ms. Davis also said that she had added the inspection of the detention ponds and estimated travel expenses to the draft budget. She said that an audit of the City of Pearland resulted in additional amounts owed to the District by the City. Mr. Wallace asked Ms. Davis to send a report to the District's Auditor.

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

ENGINEER'S REPORT

In connection with the Board's request that Steve Gardner obtain a quote from Champions Hydro-Lawn, Inc. ("Champions") for mowing around the Lawrence Place subdivision detention pond, Mr. Gardner reported that Champions proposed to charge \$175 per pond or \$525 per quarter to maintain the ponds. He introduced Dennis Tiff of Champions, who recommended fertilization and overseeding around all the detention ponds in the District, especially since Bermuda grass dies off at a rate of 15% to 20% per year. Mr. Tiff recommended that the Engineer inspect all of the detention ponds quarterly. Director Shimek requested more direct contact with the Board of Directors from Champions. Mr. Gardner said that his firm would coordinate mowing and inspection of the ponds so that inspections would take place closer to the time of mowing, rather than receipt of invoice for the mowing. Mr. Tiff said that his firm would email Director Shimek on the date that mowing occurs.

Mr. Gardner said that he thought monthly maintenance was sufficient for the dry detention ponds, with weekly maintenance for the amenity ponds. Director Shimek said that the City of Pearland was considering maintenance of all residential detention ponds in the City. He said he wanted to assist the City in its evaluation by providing help with the numbers.

Ms. Brittain departed the meeting at this point.

Mr. Gardner then reported that paving was about 14% complete in the Villa D'Este, Section 2 subdivision. He reported that the English Lakes Boulevard project had been

delayed by the City of Pearland. Mr. Gardner reported that the Centennial Village culvert project was underway and that construction would commence this week. He said that the Brazoria County Drainage District No. 4 acceptance was also underway.

Mr. Gardner reported that Pine Hollow detention pond repairs were going well, that the ditch looked good, and that the property owner could probably maintain it at this point.

Mr. Gardner reported that the pond expansion in Pine Hollow Estates, Section 2 was on hold since the City of Pearland and the Drainage District were updating the plans.

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

DEVELOPER'S REPORT

Renee West reported that the English Lakes Boulevard turn lane utilities should be installed by next month under the TXDOT permit.

OTHER BUSINESS

Mr. Wallace discussed the District's Code of Ethics with the Board. He said that the expense reimbursement policy tracks the Water Code requirements. The Board decided to review the Code of Ethics individually to prepare for discussion of the expense reimbursement policy at the next meeting.

ATTORNEY'S REPORT

Mr. Wallace reported that he and the Bookkeeper were still working on the surplus funds summary in preparation for the next bond issue.

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

Secretary, Board of Directors

(SEAL)