

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

May 22, 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 22<sup>nd</sup> day of May 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
Terry L. Webb	Assistant Secretary
Linda Mitchell	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; Ms. Terry Brooks of R. West Development Co., Inc., a developer in the District; Mr. Pierre Nys of Kirby Run Management, a developer in the District; Mr. Ron Ricaldi, representing the Pine Hollow Homeowners Association; 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 April 24, 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.

## 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 94.26% of the 2006 tax levy. 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 presented and reviewed with the Board a Series 2005 Bonds summary and an impact fee summary, copies of which are attached to her report. Ms. Davis said that she had spoken with Aaron McGuire and Pierre Nys and each had told her that their respective firms' impact fees had been paid. Mr. Wallace said that surplus funds could be used for repairs or future construction projects. He said that the District would need the approval of the Texas Commission on Environmental Quality to use these funds for new projects. He said that the District's Financial Advisor recommended retaining the surplus funds to repair possible erosion in the detention ponds.

Ms. Davis reported that the District had surplus funds totaling \$694,148, excluding unpaid developer interest. She reported that the District had received payments from the City of Pearland for March in the amount of \$8,670 and April in the amount of \$8,550.

Ms. Davis then presented and reviewed with the Board a proposed 2008 operating budget for the District, a copy of which is also attached to her report. After review, Mr. Wallace recommended that legal fees be reduced by \$10,000 and that an election expense item be added to the budget. Ms. Davis said that the detention pond maintenance expansion expenses shown on the budget might need to be changed. Director Shimek said he would contact Champions Hydro-Lawn, Inc. ("Champions") regarding maintenance costs. Ms. Davis was instructed to revise the budget for adoption at the Board's next meeting.

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

Steve Gardner presented the Engineer's report, a copy of which is attached hereto as an exhibit. Mr. Gardner and the Board members first discussed the mowing of the detention ponds in the District. It was noted that the pipeline companies were mowing the pipeline easements and that the mowing schedules were not coordinated with Champions. Mr. Gardner said he would contact Johnny Williams at Champions to discuss coordinating the mowing schedule and the prices for mowing charged to the District.

With regard to Villa D'Este, Section 2, Mr. Gardner reported that B&D Construction had completed the paving pours and was working on the curb, grading and backfill. He said that the streets should be ready for acceptance in time for the next Board meeting.

With regard to the Towne Lake subdivision left-hand turn lane, Mr. Gardner reported that this project had been placed on hold until a City of Pearland project in the area was completed.

Mr. Gardner then reported on the Centennial Village culvert crossing. He presented for review and approval Pay Estimate No. 1 from David Wight Construction Co. in the amount of \$59,061.60 for the work on the culvert and backfilling around the pipe before paving. Mr. Gardner said that the developer would pay the estimate, but that the Board needs to approve the payment. He said that the work is sixty percent complete. Upon motion duly made and seconded, the Board voted unanimously to approve payment of Pay Estimate No. 1 as recommended by the Engineer.

Mr. Gardner reported that Brazoria Drainage District No. 4 had not yet held a workshop to decide if they will accept detention ponds for maintenance. He said that no more ponds had been accepted, and that there is no projected time frame for acceptance. He said that the Drainage District had not yet submitted a permit to the Army Corps of Engineers. He said that this will hold up the District's expansion of the Pine Hollow Estates Section 2 pond.

Mr. Gardner then reported on the detention pond maintenance performed by Champions and said that the invoices for March and April 2007 had been sent to the District for approval and so that Director McDonald could inspect the work. He said that his firm did not inspect the work, as the District had requested that inspections be conducted by Directors.

With regard to the repair of the Pine Hollow detention pond, Mr. Gardner reported that Champions had substantially completed the rehabilitation of the pond and had overseeded with Bermuda grass and fertilized.

Mr. Gardner then reported on the pond expansion in Pine Hollow Estates, Section 2 and said that the cost to expand the pond from 0.82-acre feet to 2.07-acre feet would be about \$78,000. Mr. Gardner stated that this project was on hold due to a City of Pearland and Drainage District improvement project to the Marys Creek Bypass.

With regard to Bellavita at Green Tee, Section 5, Mr. Gardner reported that weeds growing in the riprap needed to be controlled with herbicide and that he would discuss this matter with the contractor.

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

### PROPOSED BOND ISSUE

Mr. Wallace then presented a bond issue analysis prepared by the District's Financial Advisor, Craig Rathmann. The analysis shows that a tax rate of \$0.56 (\$0.03 lower than the District's current debt service tax) would support a \$4.0 million bond issue with an assumed interest rate of 5.5%, with no growth in the District and no extension of debt. Mr. Rathmann believed this to be a viable option for the District and recommended that the bond issue was

feasible. The Board determined it would be necessary to sell bonds to finance several capital projects contemplated by the District. Upon motion duly made and seconded, the Board voted unanimously to authorize the Engineer to begin preparation of an engineering report for application to the Texas Commission on Environmental Quality for review and approval.

Mr. Wallace departed the meeting at this time.

#### DEVELOPER'S REPORT

Mr. Nys reported that J. Patrick Homes had sold 12 homes in the subdivision within the last 30 days. He said that architectural applications for eight new homes had been submitted. Mr. Nys reported that the engineering study on the commercial tract was still incomplete. He said that he would have his engineer contact Mr. Gardner regarding costs.

Ms. Davis then asked Ms. Brooks about whether all of the impact fees for Bellavita, Sections 1, 2, 3 and 4 had been reimbursed. Ms. Brooks said she would review her firm's records to determine whether any of the fees were unpaid.

Ms. Brooks asked that acceptance of Villa D'Este, Sec. 2 be placed on the agenda for the next meeting.

#### OTHER BUSINESS

The Board discussed the District's Code of Ethics and determined that no changes were required.

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

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Secretary, Board of Directors

(SEAL)