

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

June 26, 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 26th day of June 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 and Ms. Stephanie Canady of Huitt-Zollars, Inc., the District's Engineer; Ms. Sherry Greenwood of BKD, LLP, the District's Auditors; Mr. Pierre Nys of Kirby Run Management, a developer in the District, and Mr. Lawrence Nys; Mr. Dennis Tiff and Mr. Johnny Williams of Champion's Hydro-Lawn, Inc., the District's Detention Pond Maintenance Contractors; 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 May 22, 2007 were presented for review and approval. Upon motion duly made and seconded, the Board voted unanimously to approve the minutes as presented.

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 96% of the 2006 tax levy. Director Shimek asked if small delinquent accounts could be written off of the tax rolls. Ms. Brittain did not believe so.

Director McDonald asked whether the District continued to receive the City of Pearland ("City") fees in the event of foreclosure. He also asked about the number of foreclosures in the District. Ms. Brittain said that the District does not collect the monthly fee from the City of Pearland when a home has been foreclosed. Ms. Brittain said that she would request a list of all District foreclosures from the Delinquent Tax Attorneys and report at the next meeting.

Ms. Brittain then presented and reviewed with the Board a letter received from a District taxpayer, Ms. Patricia Jakovich, a copy of which is attached, requesting a refund of taxes paid. Ms. Laird advised the Board to deny the request because there had been no error on the part of the tax assessor or the appraisal district. The Board requested Ms. Brittain to notify the taxpayer of the District's decision to deny her request for a refund and to advise her to contact her builder for the refund. Director Shimek asked Ms. Brittain to tell Ms. Jakovich to contact him if she had trouble working with her builder.

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 payment from the City of Pearland for May 2007 in the amount of \$8,380. She said the District had received an insurance rebate from TML in the amount of \$255.

Ms. Davis reported that the District had a budget surplus at the 11 month mark. Ms. Davis and the Board then discussed the proposed 2008 operating budget for the District presented at last month's meeting. Upon motion duly made and seconded, the Board voted unanimously to approve the operating budget as presented.

Ms. Davis presented a letter to the Board regarding unclaimed property, stating that the District has no funds from the 2003-2004 fiscal year to remit to the State of Texas as unclaimed property. A copy of the letter is attached as an exhibit.

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

ENGAGEMENT OF AUDITOR

Sherry Greenwood presented and reviewed with the Board a proposal to perform the District's audit for the fiscal year ended June 30, 2007, a copy of which is attached hereto as an exhibit. Ms. Greenwood said that the engagement fee would be \$10,500 plus postage, printing and delivery costs. Ms. Greenwood also reported that new auditing standards relating to internal control deficiencies and material weaknesses common to all municipal utility districts will result in the District receiving a management letter with the audit. Director Shimek said that, because he works for a public accounting firm, he is familiar with the new standards and understands the implications of the management letter. Upon motion duly made and seconded, the Board voted unanimously to approve the audit proposal as presented.

ENGINEER'S REPORT

Steve Gardner presented the Engineer's report, a copy of which is attached hereto as an exhibit. Mr. Gardner reported that paving and lot grading in Villa D'Este, Section 2 was complete. He said that his firm was awaiting final acceptance by the City.

Mr. Gardner reported that the Towne Lake subdivision left-hand turn lane was still on hold until a City project in the area was completed.

Mr. Gardner then reported that the Centennial Village culvert crossing was complete.

Mr. Gardner reported that Brazoria Drainage District No. 4 ("Drainage District") had not yet held a workshop to decide if they will accept detention ponds for maintenance. The Board determined to table this matter indefinitely. Director Shimek requested that this item be taken off of the agenda.

Mr. Gardner then reported on the detention pond maintenance performed by Champion's Hydro-Lawn, Inc. ("Champion's"). Mr. Gardner reported that the bottom of linear Lawrence Place and linear Towne Lake ponds were becoming overgrown. Director Shimek expressed his disappointment in the mowing and maintenance of the ponds by Champion's. Dennis Tiff reported that the herbiciding of the ponds had been taken out of the contract with the District. Director Shimek said that a resolution needs to be found quickly to this problem. He noted that the seeding in the Pine Hollow detention pond was not taking on the sides. Mr. Tiff believed this might have been caused by a cold front that came through after seeding. Mr. Tiff said he would inspect the Pine Hollow detention pond and re-work if necessary.

Director Shimek said that there was no oversight with regard to the work orders being completed and believed that Champion's was perhaps unknowingly billing the District for work that had not been performed. Director Shimek reported that Champion's had sent an e-mail on June 11, 2007 informing the District that the pond in Lawrence Place had been mowed; however, this work had not been performed. Director McDonald asked Mr. Tiff if it would harm the creek to use an herbicide around the drain pipe in the Bellavita, Section 5 detention pond. Mr. Tiff said that the herbicide used is a grade that is safe for watersheds.

The Board requested Mr. Gardner to schedule a tour of the detention ponds with Champion's, Director Shimek, Director Webb, and Mr. Gardner to address areas for improvement of the detention pond maintenance. Mr. Tiff reported that heavy rainfall has been a deterrent in the pond maintenance and mowing and said that he would try to communicate on a more regular basis with the Board members. Director Shimek believed that the problems could be resolved, but that the District would review the maintenance contract annually to consider renewal or accepting competing bids.

Mr. Gardner then reported that the pond expansion in Pine Hollow Estates, Section 2 was still on hold due to improvements being made to Mary's Creek Bypass by the City and the Drainage District No. 4.

With regard to the Pine Hollow drainage improvements, Mr. Gardner reported that the Drainage District planned to move the channel over and widen a segment of Mary's Creek Bypass adjacent to Pine Hollow Estates, Section 2. Mr. Gardner said that Lentz Engineering had completed an application to the Army Corps of Engineers for improvements. Mr. Gardner said that the District would not be able to raise the elevation on the existing weir from Pond No. 6 outfalling into Mary's Creek Bypass.

With regard to the possible widening of Mary's Creek Bypass along Pine Hollow, Section 3 and Pine Hollow Estates, Mr. Gardner reported that his firm was currently estimating the costs to relocate the pipelines running along Mary's Creek Bypass and Detention Pond No. 9.

Mr. Gardner reported that the bond issue requires that the District have signage at two or more principal entrances to the District's boundaries. Mr. Gardner said that it would cost approximately \$575 for each sign, installation included. He said that the District needs about eight to ten signs. He said that two signs would need to be installed in the new section of Villa D'Este.

Mr. Gardner reported that he was currently working on the engineering report for the bond application to include: Bella Vita, Section 5; Villa D'Este, Section 2; Centennial Village box culvert; English Lakes Boulevard drainage for left turn lane; and Lawrence Place. A summary of possible items for the bond issue is attached to Mr. Gardner's report. Mr. Gardner said that the District's Financial Advisor was working on the feasibility of the bond issue. Mr. Gardner said that he had visited the sites, updated the house count, and verified the signage.

The Board then discussed whether to include the Lawrence Place commercial tract in the bond issue. Pierre Nys said that he provided figures on the costs of the development so that the Bookkeeper would be able to calculate the reimbursable impact fees for the tract. Mr. Gardner said that internal utility lines for commercial developments are not reimbursable. Mr. Gardner said that the District would be selling bonds in about a year and the Lawrence Place commercial development would not be completed for several years. Director Shimek said that the District should not have to pay interest on bonds for development that will not occur for several years.

The Board asked about the taxable values for the proposed development. Mr. Nys said that the proposed office condominiums were appropriate to City of Pearland zoning for the tract. Director Shimek said he would like to see the design. Mr. Nys said that detention for the tract was included in the Lawrence Place subdivision and that no new detention was required. The Board expressed concern that Lawrence Place currently experiences street flooding and that the proposed development would increase flooding if it relied on the existing detention. Mr. Nys said that he relied on the advice of his engineers, Edminster, Hinshaw, Russ & Associates, regarding detention requirements. Mr. Gardner said that the problem was not necessarily the detention capacity but inadequate outfall from the detention that might cause flooding. Mr. Nys said that the outfall should have been deepened and widened three years ago. Mr. Nys suggested that Mr. Gardner contact the Drainage District's engineer to discuss the deepening and widening of the outfall. The Board determined that Mr. Gardner should contact Mr. Nys' engineers to discuss this matter further.

Mr. Gardner said that the Board did not have to make a decision on whether to include the commercial tract in the bond issue at this point. He said that he could proceed with the engineering report for the bond issue and omit the Lawrence Place commercial development from the report for now. Director Shimek said that he wanted the District, the residents, homeowners associations, and the developers to work with the appropriate entities to solve the drainage issues and prevent flooding.

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

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

Secretary, Board of Directors

(SEAL)