

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

October 23, 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 23rd day of October 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. Jaime Salinas, P.E. and Ms. Stephanie Canady of Huitt-Zollars, Inc., the District's Engineers; Mr. Tom Dillard of Champions Hydro-Lawn, Inc., the District's detention pond maintenance contractors; Ms. Nancy Kozanecki, representing the Pine Hollow Homeowners Association; Ms. Julie McClung, Mr. Emmanuel Gillis, and Ms. Yolanda Brown, residents of the District; and 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.

PLEDGE OF ALLEGIANCE

The Directors led the meeting in the Pledge of Allegiance.

PUBLIC COMMENTS FROM DISTRICT RESIDENTS

Julie McClung addressed the Board and asked about the flooding problems on Grovesnor Court. The Board advised Ms. McClung that this issue would be addressed during the Engineer's report later in the meeting.

APPROVAL OF MINUTES

Minutes of the meeting of the Board of Directors held on September 25, 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 98.89% of the 2006 tax levy. She also presented and reviewed with the Board the Delinquent Tax Report, prepared by Perdue, Brandon, Fielder, Collins & Mott, L.L.P., the District's Delinquent Tax Attorneys, a copy of which is attached hereto as an exhibit. 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.

PUBLIC HEARING ON 2007 TAX RATE

Notice of the public hearing on the proposed 2007 tax rate having been duly published, upon motion duly made and seconded, the Board voted unanimously to adopt an Order Setting 2007 Tax Rate, setting a debt service tax rate of \$0.53 and a maintenance and operation tax of \$0.06 for a total 2007 tax rate of \$0.59. A copy of the Order is attached hereto as an exhibit. Upon motion duly made and seconded the Board voted unanimously to approve an Amendment to Information Form to reflect the 2007 tax rate and to authorize filing of same.

BOOKKEEPER'S REPORT

Dana Davis presented the Bookkeeper's report, a copy of which is attached hereto as an exhibit. Ms. Davis also presented and reviewed with the Board three months of the budget for fiscal year ending June 30, 2008, a copy of which is attached to her report. 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

Stephanie Canady presented the Engineer's report, a copy of which is attached hereto as an exhibit. Ms. Canady reported on the Villa D'Este, Section 2 construction project and said that she is awaiting receipt of the Final Pay Estimate from Century Engineering, Inc. before the facilities can be accepted by the District. She then reported on the Centennial Village Culvert Crossing project and stated that the facilities are ready to be accepted by the District. Director Shimek asked that acceptance of the culvert be tabled until the next meeting as he had questions about maintenance.

Ms. Canady then reviewed the proposal for Detention Pond Maintenance Budget for 2007-2008 from Champions Hydro-Lawn, Inc. ("Champions") to maintain all of the detention ponds in the District, except fertilization and overseeding of the detention pond in Pine Hollow, Section 9, at a cost of \$88,162.25 per year. She noted that Champions is preparing a proposal to

de-silt the Ravenwood North detention pond. Upon motion duly made and seconded, the Board voted unanimously to approve the Detention Pond Maintenance Budget for 2007-2008 with Champions, a copy of which is attached hereto as an exhibit.

Ms. Canady reported that the District's Engineers had met with Brazoria Drainage District No. 4 (the "Drainage District") and the City of Pearland. A copy of the minutes of the meeting is attached to the Engineer's report as an exhibit. Ms. Canady said that the Drainage District has requested that the District submit a list of all of its detention ponds and their acreages for review. She reported that her office is compiling this information and will submit it to the Drainage District. Ms. Canady stated that the Drainage District will pay for the inspection of the ponds, but the District will be responsible for any repairs. She said that the Drainage District will review the summary and make its decision. Jaime Salinas said that the Drainage District will mow the detention ponds only three times per year. He said that the District could mow between the Drainage District mowings. Director Shimek said that he would prefer that the District convey the ponds to the Drainage District and enter into an agreement to maintain the ponds with financial assistance from the Drainage District. The Board asked the Engineer to propose such an agreement to the Drainage District.

Ms. Canady reported that the Pine Hollow Estates Section 2 pond expansion was on hold while the Drainage District completes the upstream regional detention pond and the Mary's Creek Bypass redesign. She said those two major projects would take a minimum of five years to complete. Ms. Canady then reported that plans for the Pine Hollow subdivision drainage improvements are awaiting comments by the reviewing agencies.

With regard to the Lawrence Place street flooding, Ms. Canady reported that the Drainage District needs three tracts of downstream right-of-way to begin the channel improvements. This right-of-way will not be obtained by the end of the year. She said that construction might commence next summer at the earliest. Ms. Canady reported that the Drainage District had requested that the District perform a drainage study of Lawrence Place to determine if the drainage system is working properly. Ms. Canady informed the Board that the as-built plans for Grovesnor Court had been sent to the City's engineer for review. Director Shimek requested that the Engineers obtain proposals for a drainage study. Mr. Wallace reported that the cost of the drainage study and repairs could be included in an upcoming bond issue.

With regard to the Towne Lake Estates detention problems, Ms. Canady informed the Board that the District had submitted plans to the Drainage District several years ago to address the problem, but that the project had fallen through. Ms. Canady reported that the Drainage District asked the District to re-submit the plans for approval in order to get the project underway. A copy of the plans are attached to the Engineer's report as an exhibit.

Ms. Canady reported that the Drainage District would repair the flapgates and de-silt the area around the flapgates in the Ravenwood Estates subdivision. She said that she had not heard from the president of the Ravenwood Estates Homeowners Association regarding the District's proposal to share detention pond maintenance costs.

Ms. Canady then reported on the municipal separate storm sewer system requirements, termed MS4. She stated that the Texas Commission on Environmental Quality ("TCEQ")

requires municipalities to acquire storm water discharge permits. Ms. Canady stated that the Engineers would be attending a TCEQ workshop on November 6, 2007 to gather information on what the TCEQ is expecting from the municipal utility districts. She said that representatives of the City of Pearland would also be attending the workshop. Ms. Canady said that the Engineers would report to the District about this matter at the next meeting.

With regard to the signage for the District, Ms. Canady reported that the signs have been ordered.

Ms. Canady next reported that the engineering report for the bond application is almost complete. She said that the Engineers are still waiting on requested items from the developer. She provided a new Summary of Costs for the bond issue, a copy of which is attached hereto as an exhibit. The Summary shows a total bond issue requirement of \$3,330,000.

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

ARBITRAGE COMPLIANCE

Mr. Wallace then discussed with the Board the need for compliance with Federal tax arbitrage rebate and yield restriction requirements in order to ensure the continued tax exempt status of the District's bonds. Mr. Wallace said he had engaged an arbitrage compliance consulting firm to perform examinations for the districts his firm represents. He said he would recommend retaining Arbitrage Compliance Specialists, Inc. ("ACS") to perform an analysis of the District's bonds and, if necessary, to prepare rebate and yield restriction reports for submission to the Internal Revenue Service as required; however, another firm had been analyzing the District's bond issues annually and he did not believe it was necessary for ACS to examine them at this time.

AMENDMENT TO BOOKKEEPER'S CONTRACT

Ms. Davis next presented for the Board's approval of an amended Agreement for Bookkeeping Services, a copy of which is attached hereto. The Agreement proposed a new monthly rate of \$675 for bookkeeping services, with additional services at \$50 per hour. Following review and discussion, upon motion duly made and seconded, the Board voted unanimously to approve the amended Agreement.

GOODS-IN-TRANSIT

Mr. Wallace then informed the Board that pursuant to House Bill 621, the District had the option to provide for the taxation of goods in transit. He noted that official action on this matter needed to be taken prior to January 1, 2008. He then presented and reviewed with the Board an Order Regarding Taxation of Goods-in-Transit, a copy of which is attached hereto as an exhibit. Upon motion duly made and seconded, the Board voted unanimously to approve the Order as presented.

PUBLIC COMMENTS FROM NON-DISTRICT RESIDENTS

Ms. Kozanecki reported that the grass in her subdivision's detention pond is 15-inches high and she was concerned that the homeowners association would be cited. The Board requested that Champions address this matter.

OTHER BUSINESS

The Board determined to hold its next meeting on November 27, 2007 at 6:00 p.m.

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

Secretary, Board of Directors

(SEAL)