

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

November 18, 2014

THE STATE OF TEXAS §
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HARRIS AND BRAZORIA §
COUNTIES §

The Board of Directors (the "Board") of Brazoria County Municipal Utility District No. 18 (the "District") of Harris and Brazoria Counties, Texas, met in regular session, open to the public, at 6:00 p.m., on the 18th day of November, 2014, at the Bella Vita Clubhouse Annex, 1548 N. Riviera Circle, Pearland, Brazoria County, Texas, within the boundaries of the District, and the roll was called of the duly constituted officers and members of the Board, to-wit:

O. E. (Mickey) McDonald	President
Wesley J. Boyer (via conference call)	Vice President
Richard W. Wach	Secretary/Treasurer
Kerri Connor	Assistant Secretary/Treasurer
Ronald Gerlach	Director

All members of the Board were present, thus constituting a quorum.

Also present were Ms. Dana Davis of Myrtle Cruz Inc., the District's Bookkeeper; Mr. Zach Hardoin of Champions Hydro-Lawn, Inc., the District's Detention Pond Maintenance Contractor; Mr. Russell Cosbey, P.E. of Huitt Zollars, Inc., the District's Engineer; Mr. Bill Burdick, a resident of the District; Ms. Julie Williams of Rathmann & Associates, the District's Financial Advisor; and Mr. John R. Wallace of Bacon & Wallace, L.L.P., the District's Attorney.

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

Director McDonald led the meeting in the Pledge of Allegiance.

PUBLIC COMMENTS

There were no public comments at this time.

APPROVAL OF MINUTES

Minutes for the meeting of the Board of Directors held on October 28, 2014 were presented for review and approval. Upon motion duly made and seconded, the Board voted unanimously to approve the minutes as amended.

TAX ASSESSOR/COLLECTOR'S REPORT

John Wallace presented the Tax Assessor/Collector's report, a copy of which is attached hereto as an exhibit. He reported the 2014 tax statements were sent out. Mr. Wallace then reviewed the Delinquent Tax Roll.

Upon motion duly made and seconded, the Board voted unanimously to approve the Tax Assessor/Collector's report as presented.

BOOKKEEPER'S REPORT

Dana Davis reviewed the Bookkeeper's report, a copy of which is attached hereto as an exhibit. She reported two Certificates of Deposit were renewed. Ms. Davis stated the Compass Bank Service Charges are going up, so she will raise the amount in the account. She reported she received the Champions Hydro-Lawn, Inc. invoice for partial billing in the amount of \$96,450. Ms. Davis reported the City of Pearland Municipal Utility District fees were received for September.

Ms. Davis next reviewed the Year-to-Date Budget and the Investment report. Upon motion duly made and seconded, the Board voted unanimously to approve the Bookkeeper's Report and Investment Report as presented.

ENGINEERING REPORT

Russell Cosbey presented the Engineer's Report, a copy of which is attached hereto as an exhibit. He reviewed the District's annual maintenance. Mr. Cosbey stated the November mowing has been completed, and the fall overseeding and fertilization are almost complete.

Mr. Cosbey informed the Board there was not activity at Villa D'Este Section 2 and Bella Vita. He stated the Storm Water Management program is under technical review at the Texas Commission on Environmental Quality ("TCEQ"). Mr. Cosbey noted the Villa Masters remote detention facilities will be inspected this week.

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

CHAMPIONS HYDRO-LAWN

Zach Hardoin presented the Champions Hydro-Lawn Report, a copy of which is attached hereto as an exhibit. Mr. Hardoin informed the Board all the work on the West Oaks Section 3

and 4 Detention Pond was completed on November 10, including cleaning debris out of the pipes, re-grouting and desilting. He reported all work was completed on the Centennial Village Section 1 East Pond on November 11, including cleaning the inlet and replacing the missing inlet. Mr. Hardoin noted the manhole was also re-grouted.

Mr. Hardoin stated all work was completed on the Pine Hollow Estates Section 2 Detention Pond on November 3, including de-silt of the pond, and repairing the pipe with grout. He stated all work was completed on October 30 on the Pine Hollow Section 1 Detention Pond, which included removing and replacing the loose grout, and cleaning out the end of the outfall pipe. Mr. Hardoin informed the Board the Villa Masters Homeowners Association Detention Pond work was completed on November 17, and it encompassed replacing the inlet grates and re-establishing the swale. He stated he will meet with Jaime Salinas to review the work performed to date.

Upon motion duly made and seconded, the Board voted unanimously to approve the Champions Hydro-Lawn Report as presented.

DISCUSSION OF FINANCIAL PLAN, CAPITAL PROJECTS AND BONDS

Ms. Williams discussed possible refunding scenarios involving the District's Series 2008 and Series 2009 bonds. She noted that a refunding could utilize surplus construction funds in the amount of \$1,108,750 which are currently in the construction account. Ms. Williams reported the District will be required to seek TCEQ approval for the use of surplus funds for debt service. They are proposing a bond refunding and redemption of bonds with cash, which would produce a significant cash savings. Ms. Williams noted there are several options available for the refunding scenario, and she reviewed Advanced Refunding Effects schedules for the bonds. She informed the Board the tax attorneys will also review the structure.

Ms. Williams noted an option would be to retire the shorter bonds and invert the tax rate between debt service and maintenance. She stated it will not generate savings, but it will put funds into the Operating Account. Ms. Williams informed the Board that the longer bonds could be paid off and the District could take the savings. She stated the Board could elect to do a combination of both scenarios, resulting in short term and long term debt retirement. Ms. Williams reported the savings produced would be approximately \$960,134.

After discussion, the Board determined they would like to pursue the best debt services savings, rather than build up the Operating fund. Ms. Lewis noted a private placement sale would be possible if the bond issue is small with a short maturity scale.

Upon motion duly made and seconded, the Board voted unanimously to authorize the Attorney and Financial Advisor to contact tax counsel to structure the deal for cash redemption. Upon motion duly made and seconded, the Board voted unanimously to authorize the Attorney to prepare the Surplus Funds Application.

ATTORNEY'S REPORT

Mr. Wallace presented and reviewed with the Board the Arbitrage Compliance Reports concerning the District's Series 2015 Bonds. The Board asked why the rate was reduced by \$0.04, but the values increased.

OTHER MATTERS

Director McDonald discussed the condition of the District's amenity lake. He stated the upkeep of the lake is not the responsibility of the District.

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




Secretary, Board of Directors