

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

April 28, 2015

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 28th day of April, 2015, at the City of Pearland Public Library, 3522 Liberty Drive, 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	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; Ms. Esther Kumaga of Assessments of the Southwest, Inc., the District's Tax Assessor/Collector; Ms. Stacey Wagner of Champions Hydro-Lawn, Inc., the District's Detention Pond Maintenance Contractor; Mr. Jaime Salinas, P.E. of Huitt Zollars, Inc., the District's Engineer; Ms. Julie Williams of Rathmann & Associates, L.P., 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 comments from the public.

APPROVAL OF MINUTES

Minutes for the meeting of the Board of Directors held on March 24, 2015 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

Esther Kumaga presented the Tax Assessor/Collector's Report and the Delinquent Tax Report, copies of which are attached hereto as exhibits. She reported the District collected 97.51% of the 2014 tax levy as of the previous month. Ms. Kumaga stated the District's notices for the 20% penalty on delinquent accounts were mailed out. Upon motion duly made and seconded, the Board voted unanimously to approve the Tax Assessor/Collector's report and disbursements from the Tax Account.

BOOKKEEPER'S REPORT

Dana Davis next presented the Bookkeeper's report, a copy of which is attached hereto as an exhibit. She then reviewed the ninth month of the year-to-date budget and the Investment Report, copies of which are attached hereto as exhibits. Ms. Davis reported the City of Pearland MUD fees for February and March were received today. Upon motion duly made and seconded, the Board voted unanimously to approve the Bookkeeper's Report, the Investment Report and payment of checks, as presented.

ENGINEERING REPORT

Jaime Salinas presented the Engineer's Report, a copy of which is attached hereto as an exhibit. He stated the District's annual detention maintenance costs to date were \$71,000. He reported the April mowing was completed, and the May mowing is scheduled. Mr. Salinas noted fertilizing and overseeding is proceeding.

With regard to capital improvement projects, Mr. Salinas informed the Board that the Engineer is waiting for better weather before beginning the access road and back slope interceptor outfall repairs.

Mr. Salinas reported detention pond signs were installed at the Centennial Village Detention Pond and the Villa Masters Remote Detention Pond. He noted one sign was damaged, and will be replaced. Ms. Wagner noted three other signs showed some damage. A discussion ensued among the Board regarding the problems with four wheelers damaging the pond. Mr. Salinas stated when the area is developed, it should receive more pedestrian traffic, and the motor traffic will subside.

Director McDonald stated the grass growth in Centennial Village has covered over the damaged areas. Mr. Salinas noted the mowers will knock down the ruts, but if the weather remains wet, those areas cannot be mowed.

Mr. Salinas reported the letter withdrawing the Notice of Intent for the MS4 Storm Water Quality Application was submitted to the Texas Commission on Environmental Quality, but an update has not been received.

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

CHAMPIONS HYDRO-LAWN REPORT

Stacy Wagner stated that she had nothing further to report.

SERIES 2015 UNLIMITED TAX REFUNDING BONDS

Julie Williams reviewed with the Board the proposal for refunding certain District bonds. She informed the Board the TCEQ approved the use of all surplus funds in the District's Construction Fund. Ms. Williams noted tax law requires the District to spend money from bonds to retire those bonds that are outstanding. She stated none of the 2003 or 2005 bond proceeds were used to redeem the 2012 Refunding Bonds or the 2013 Refunding Bonds. Ms. Williams informed the Board two payments from surplus funds will be used to pay the September 1, 2015 principal and interest payments of \$55,000 on the Series 2012 Bonds, and \$390,000 on the Series 2013 Bonds. She stated the remaining surplus will be used in the Series 2015 refunding transaction to redeem the Series 2008 Bonds.

Ms. Williams next presented a Refunding Analysis of the District's 2008 Bonds. She informed the Board the principal amount of the Refunding Bonds is \$1,865,000, with a proposed gross savings of \$780,631, which is approximately \$87,000 per year. Ms. Williams noted the total Bonds refunded will be \$2,455,000, with \$695,497 contributed by the District from the Construction Fund. She reported the total present value savings are projected to be 16.884%. Ms. Williams reported the costs of issuance savings are net of costs, and the funds will remain in escrow until the September 1, 2015 call date, and the Bonds will be insured.

Ms. Williams recommended First Southwest Company as the lead underwriter, and RBC Capital Markets as the co-underwriter, with the law firm of McCall Parkhurst & Horton as disclosure counsel. Ms. Williams noted if the Series 2009 Bonds are added, the bond amount would increase, and the present value savings will be approximately 8% over all. She noted the District will need to look for an opportunity to refund the Series 2009 Bonds in the future, which are not callable until 2016. Ms. Williams recommended the Board's authority to add the Series 2009 Bonds into the deal if the market improves.

Ms. Williams then presented and reviewed with the Board a Tax Rate analysis. She noted if the refunding is implemented, the District's 2015 debt service payment will be reduced because two maturities are being defeased. Ms. Williams proposed lowering the District's debt service tax rate, and raising the maintenance and operating tax rate for two years, then raise the debt service tax rate and lower the maintenance and operating tax rate in subsequent years.

Ms. Williams stated that, based on the District's current assessed value, she recommends a debt service tax rate of \$0.35 is recommended, with an additional \$0.05 added to the maintenance and operating tax rate, which will generate \$200,000 per year to the Operating fund.

She noted the tax rate can then be reduced to \$0.40 thereafter, with an immediate tax rate reduction of \$0.03, and an overall tax rate of \$0.44 to \$0.47. Upon motion duly made and seconded, the Board voted unanimously to implement the refunding transaction as presented.

Ms. Williams informed the Board they have a choice of underwriting counsel, and Rathmann & Associates is the District's municipal advisor. Ms. Williams presented a letter from Rathmann & Associates memorializing their funding fee of 1.25%.

Mr. Wallace then described the parameter sale. Upon motion duly made and seconded, the Board voted unanimously to authorize a parameter sale at 12% present value savings, and to authorize Director McDonald to serve as the pricing committee. Upon motion duly made and seconded, the Board voted unanimously to engage the law firm of McCall Parkhurst & Horton, L.L.P. as special tax counsel, and to approve the fee agreement for Bacon & Wallace, L.L.P. Upon motion duly made and seconded, the Board further voted unanimously to engage First Southwest Company as the lead underwriter, and RBC Capital Markets, LLC as the co-underwriter on this transaction.

Mr. Wallace then presented for Board approval various documents required to complete the parameter sale. Following review, upon motion duly made and seconded, the Board voted unanimously to approve and authorize execution of the Order Authorizing the Issuance of the District's Unlimited Tax Refunding Bonds, Series 2015 ("the Bonds"), Official Statement, Escrow Agreement, General Certificate, Paying Agent/Registrar Agreement with The Bank of New York Mellon Trust Company, N.A., Signature Identification and No Litigation Certificate, Notices of Redemption and Refunding for the Series 2008 Bonds, and letters to the Attorney General and Comptroller of Public Accounts in connection with the issuance of the Bonds, and to authorize the President of the Board to execute the Bond Purchase Agreement and the Pricing Certificate. Upon motion duly made and seconded, the Board voted unanimously to authorize the Attorney and Financial Advisor to do all things necessary to complete the sale and delivery of the Bonds and to approve the check to the Texas Attorney General for Bond fees.

CHAMPIONS HYDRO-LAWN REPORT

Stacey Wagner presented the Champions Hydro-Lawn report. Upon motion duly made and seconded, the Board voted unanimously to approve the report.

ATTORNEY'S REPORT

Mr. Wallace stated he had nothing further to report.

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




Secretary, Board of Directors