

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

May 24, 2016

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 5:00 p.m., on the 24th day of May, 2016, 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. Director Boyer participated in the meeting via speaker phone.

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; Mr. Jaime Salinas, P.E., of Huitt Zollars, Inc., the District's Engineer; Ms. Stacy Wagner of Champions Hydro-Lawn Inc., the District's Detention Maintenance Contractor; Ms. Julie Williams of Rathmann & Associates, L.P., the District's Financial Advisor; and Mr. John 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.

MATTERS RELATED TO MAY 7, 2016 DIRECTORS ELECTION

Mr. Wallace presented a Statement of Elected Officer to Ronald Gerlach. He then administered the Oath of Office. Upon motion duly made and seconded, the Board voted unanimously to accept the Statement of Elected Officer and Oath of Office for Director Gerlach,

copies of which are attached hereto as exhibits. Director Boyer's Statement of Officer and Oath were tabled until the June 2016 regular meeting.

DISTRICT REGISTRATION FORM

Mr. Wallace stated an amended District Registration Form would be filed with the Texas Commission on Environmental Quality ("TCEQ"). Upon motion duly made and seconded, the Board voted to authorize Mr. Wallace to file an amended District Registration Form with the TCEQ.

PUBLIC COMMENTS

There were no comments from the public. The Board noted that the Board of Directors meeting for June, July and August 2016 regular meeting will be held in the main conference room.

APPROVAL OF MINUTES

Minutes for the meeting of the Board of Directors held on April 26, 2016 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, a copy of which is attached hereto as an exhibit. She informed the Board that 98.19% of the District's 2015 tax levy had been collected as of the previous month. She then reviewed and presented the Delinquent Tax Report, and the Delinquent Tax Roll, copies of which are attached hereto as exhibits. Ms. Kumaga indicated that the District would receive preliminary values by May 30, 2016.

Upon motion duly made and seconded, the Board voted unanimously to approve the Tax Assessor/Collector's Report and the disbursements from the tax account.

BOOKKEEPER'S REPORT

Dana Davis presented the Bookkeeper's Report, a copy of which is attached hereto as an exhibit. She informed the Board there were two additional checks for disbursement to Champions Hydro-Lawn, Inc. in the amount of \$28,332.70, and the Attorney General of Texas for the Bond transcript fee in the amount of \$5,940.00. Next, Ms. Davis reviewed the tenth month of the year-to-date budget and the Investment Report, copies of which are attached hereto as exhibits. She then noted that the year-to-date budget was incorrect as the City of Pearland check was received; however, it was not on the report.

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.

DETENTION POND MAINTENANCE

Director McDonald thanked the consultants for their efforts in assisting the Directors with access and onsite visits to the remote pond. He indicated that the onsite visits helped the Board determine a new way to access to the remote pond. He then stated that Mr. Salinas would research and confirm whether the new route would work. Director McDonald then informed the Board that the rain delayed maintenance and some of the repairs.

ENGINEER'S REPORT

Jaime Salinas presented the Engineer's Report, a copy of which is attached hereto as an exhibit. Mr. Salinas stated that all of the mowing had been completed for the 2016 fiscal year. He then informed the Board that the 2017 fiscal year would begin in July, and the first mowing would be in July. Mr. Salinas next stated that the 2016 fiscal year budget for mowing and fertilization was \$113,000.

Mr. Salinas then presented and reviewed a proposal for the MUD identification signs in Villa D'Este, a copy of which is attached hereto as an exhibit. He informed the Board that the total cost for six signs was \$3,005, including installation, relocation of one sign in Centennial Village and the repair of two signs in West Oaks Village.

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

REFUNDING BONDS, SERIES 2009

Ms. Julie Williams presented and reviewed a proposal for the Refunding of the Series 2009 Bonds ("Bonds"), a copy of which is attached hereto as an exhibit. She informed the Board that the Series 2009 Bonds par amount being refunded was \$6,340,000, and Bonds would be callable on September 1, 2016. She then stated that the District could sell Bonds in June 2016 and close in July 2016. Next, she told the Board that the projected principal amount of the Refunding Bonds was \$6,220,000 with a projected 8.72% present value savings. She stated that the District's estimated savings would be \$641,464 with an average yearly savings of approximately \$50,000 in debt service and about a \$0.01 tax rate reduction. She then indicated that Moody's would assist with raising the District's Bond rating from "BBB" to an "A2". Ms. Williams next stated that the interest rates have remained low for an extended period of time and the underwriters discount would be less, as well.

Ms. Williams informed the Board that Hilltop Securities, formerly First Southwest, would be the lead underwriter, and RBC Capital Markets ("RBC") would be co-underwriter. She then recommended the Board set a parameter sale of five or six percent present value savings and noted the pricing might be one month out. A discussion ensued among the Board, and upon motion duly made and seconded, the Board voted unanimously to authorize the sale of the Refunding Bonds, Series 2016 with a minimum present value savings of 5.5 percent. Director McDonald was authorized to sign the Bond Purchase Agreement and Pricing Certificate. Ms. Williams then gave the disclosures on behalf of the Financial Advisor.

The Board then reviewed a draft of the Preliminary Official Statement. Ms. Williams

stated Director McDonald would also sign the Moody's application, and the Financial Advisor would present it to three Bond insurance companies.

Mr. Wallace then presented and reviewed the Bond sale documents. Upon motion duly made and seconded, the Board voted unanimously to approve the Issuance of the Series 2016 Refunding Bonds and to approve the following documents:

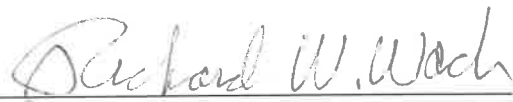
- (a) Order Authorizing Issuance of Series 2016 Refunding Bonds;
- (b) Preliminary Official Statement and authorize distribution;
- (c) General Certificate;
- (d) Signature Identification and No-Litigation Certificate;
- (e) Escrow Agreement;
- (f) Paying Agent/Registrar Agreement with Bank of New York Mellon Trust Company, N.A.;
- (g) Notice of Redemption and Refunding for Series 2009 Bonds; and
- (h) Letters to the Attorney General and Comptroller of Public Accounts in connection with the issuance of the Bonds.

ATTORNEY'S REPORT

Mr. Wallace then presented the Arbitrage Compliance Specialists Engagement Letter for the Series 2015 Bond Management Compliance Program, the Engagement Letter for Arbitrage Compliance Services related to Series 2012 Bond, and the Arbitrage Rebate Summary. Upon motion duly made and seconded, the Board voted unanimously to approve the Arbitrage Compliance Report.

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




Secretary, Board of Directors