

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

August 25, 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 25th day of August, 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, with the exception of Director Connor, 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; Mr. Jaime Salinas, P.E. of Huitt Zollars, Inc., the District's Engineer; Ms. Stacey Wagner of Champions Hydro-Lawn, the District's Detention Maintenance provider; and Ms. Penny McDonald 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 Boyer led the meeting in the Pledge of Allegiance.

PUBLIC COMMENTS

There were no members of the public present.

RATIFICATION OF ACTIONS TAKEN AT 7/23/2015 MEETING

Ms. McDonald informed the Board that due to the Brazoria County Clerk's refusal to post the amended agenda for the July 23, 2015 meeting, the Board needed to ratify all actions

taken at that meeting. Upon motion duly made and seconded, the Board voted unanimously to ratify all actions taken at the previous Board meeting.

APPROVAL OF MINUTES

Minutes for the meeting of the Board of Directors held on July 23, 2015 were presented for review and approval. Upon motion duly made and seconded, the Board voted unanimously to approve the minutes as presented.

SECURITY FOR VILLA MASTERS REMOTE DETENTION POND

Director Gerlach then questioned whether the Attorney had reviewed possible security measures for the Villa Masters Remote Detention Pond ("VM Pon"). Ms. McDonald stated that she would check with Mr. Wallace regarding the matter. Mr. Gerlach stated the Board was interested in the possibility of installing security cameras at the Pond. Ms. Wagner informed the Board that it was possible, and that she knew of another district which had just installed the Today's Integration System, which she then described briefly. She stated that the cost was most likely not justified. Mr. Salinas noted that the VM Pond was so remote that electricity was not available and the District would incur the added expense of installing lines.

The Board then entered into a general discussion with Ms. Wagner and Mr. Salinas regarding the trespassing issues at the VM Pond. Director McDonald questioned if any more incidents had occurred, and Mr. Salinas replied that activity had tapered off. The Board then discussed several past incidents where people had entered the VM Pond riding four-wheelers. Director McDonald stated that he had visited the VM Pond and spoken with two police officers who had caught an individual in a truck with four-wheelers attempting to enter the area. He stated the police officers had informed him they would watch the area. Ms. Wagner stated that the "No Trespassing" signs had been installed, were stolen, and had been replaced. The Board determined that the expense of installing security cameras was not justified at this time and the matter was tabled.

TAX ASSESSOR/COLLECTOR'S REPORT

Esther Kumaga presented the Tax Assessor/Collector's Report and the Unpaid Accounts Tax Report, copies of which are attached hereto as exhibits. She reported the District collected 99.3% of the 2014 tax levy as of the previous month, which she stated was a very good collection rate. Ms. Kumaga then presented nine tax account checks to the Board for approval. Ms. Kumaga then informed the Board that her office had received the certified values from the appraisal districts late that afternoon. She stated she would prepare the necessary information and forward it to the Financial Advisor, and that the 2015 tax rate recommendation would be ready for consideration at the next Board meeting. 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 then reviewed the Debt Service Account and stated that the payment due on September 1 had been made. She next reviewed the District's debt service requirements for 2016. Ms. Davis next informed the Board that MUD fees in the amount of \$10,480 had been received from the City of Pearland. She then stated that the IRS had taken two payroll tax deposit payments during the prior month, and that she was researching the matter. Ms. Davis then reviewed the first month of the Operating Budget and the Investment Report, copies of which are attached hereto as exhibits. Upon motion duly made and seconded, the Board voted unanimously to approve the Bookkeeper's Report, the Investment Report and the 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 reported the District had expended \$17,202 for detention maintenance to date. He noted that the August mowing was complete and the next mowing would occur in September. He stated all of the ponds were in good condition. Mr. Salinas next informed the Board that he was working with Champions Hydro-Lawn to prepare proposals for re-grading the access road to the VM Pond and repairing the backslope interceptor. He stated that the re-grading project would involve leveling out ruts in the road, noting that only so much could be done. He then informed the Board that he and Ms. Wagner had planned to inspect the VM Pond, but the inspection had been canceled due to rain.

Mr. Salinas then reported that he had been made aware of other districts receiving correspondence from the City of Pearland regarding a new mowing requirement. He stated that the City was now requiring owners of detention ponds adjacent to City street rights-of-way to mow up to the rights-of-way. He said he would review the District's ponds to determine if this would affect the District or not. Upon motion duly made and seconded, the Board voted unanimously to approve the Engineer's Report as presented.

DETENTION MAINTENANCE REPORT

Ms. Wagner stated that most of the information regarding detention maintenance had already been discussed, but noted that the annual permit renewal had been completed. Upon motion duly made and seconded, the Board voted unanimously to approve the Detention Maintenance report as presented.

LETTERS OF CREDIT AGREEMENT

Ms. McDonald next presented a Letters of Credit Agreement with Compass Bank. She noted that the Agreement had been reviewed by the Bookkeeper and the Attorney, and was related to the Depository Pledge Agreement previously approved by the Board. A copy of the Agreement is attached hereto as an exhibit. Upon motion duly made and seconded, the Board voted unanimously to approve the Agreement as presented.

OTHER MATTERS

Director McDonald then asked if anyone had anything further to discuss. The Board then entered into a general discussion regarding the possible development of Bella Vita at Green Tee, Section 6 ("Section 6") by Renee McGuire. It was noted that there had not been much activity in Section 6. Director Gerlach stated that there appeared to be a potential buyer for the property, and that Ms. McGuire allegedly had the re-platting approved to develop the property as single family homes she planned to begin building in early 2016. Director McDonald asked Mr. Salinas whether he knew of any permits being granted on the property, but Mr. Salinas stated he had not checked. The Board then discussed the possibility of Ms. McGuire requesting service to the development and asked what its options would be. Mr. Salinas stated that the infrastructure was available, but that water and sewer lines would need to be extended. He said he felt it would not require major engineering work and would most likely cost \$100,000 or less. It was noted that this amount could be paid with existing funds and would not require a bond issue. The Board then asked Ms. McDonald if it would be required to provide service to the development. Ms. McDonald stated she would speak with Mr. Wallace and review existing development financing agreements to determine the reimbursement requirements, if any. Director Gerlach noted that there was room for four to five single family homes on the property, and stated that it might be a better option than the two previously proposed multi-family developments. Mr. Salinas then informed the Board that the City of Pearland had recently curtailed approval of apartment buildings and that Ms. McGuire would need to have all approvals in place before the City would issue any building permits. The matter was then tabled for further discussion at the next Board meeting.

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

(SEAL)

Secretary, Board of Directors