

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

September 23, 2014

THE STATE OF TEXAS       §  
  §  
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 23<sup>rd</sup> day of September, 2014, at the City of Pearland Public Library, 3522 Liberty Dr., Pearland, Brazoria County, Texas, outside 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. Cathy Brittain-Drew of Assessments of the Southwest, Inc., the District's Tax Assessor/Collector; Mr. Tom Dillard and 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; Ms. Julie Williams of Rathmann & Associates, L.P., the District's Financial Advisor; Mr. Don Jensen, a resident of the District; 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 August 26, 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

Cathy Brittain-Drew presented the Tax Assessor/Collector's report, a copy of which is attached hereto as an exhibit. She reported the District had collected 99.5% of the 2013 tax levy. Ms. Brittain-Drew stated demand letters were sent to the delinquent accounts, and nine of the accounts are tax deferrals.

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 the September 1, 2014 bond payment was made. Ms. Davis noted \$1,405.44 was transferred to the Operating Fund, and the July 2014 and August 2014 City of Pearland Municipal Utility District fees were received. She then reviewed the second month of the year-to-date 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 as presented.

## TAX RATE RECOMMENDATION

Julie Williams presented a memorandum regarding the District's proposed 2014 tax rate. She stated home values are up by 7%, and she recommended bringing the total tax rate down by \$0.04 by reducing the debt service tax rate by \$0.03, and reducing the maintenance tax rate by \$0.01. Ms. Williams reported the District's Certified Value is \$404,226,432, with another \$30,000,000 under protest. She noted the average home value increased from \$195,717 to \$210,000. Ms. Williams proposed a debt service rate of \$0.43 per \$100 of assessed valuation, and a maintenance tax levy of \$0.04 per \$100 of assessed valuation, which will maintain coverage ratios in the Debt Service Fund. Following review and discussion, upon motion duly made and seconded, the Board voted unanimously to authorize the publication of a notice of the District's intent to hold a public hearing and levy a \$0.43 debt service tax per \$100 of assessed valuation, and a \$0.04 maintenance tax rate per \$100 of assessed valuation for 2014.

## ANNUAL REVIEW OF INVESTMENT POLICY

The Board then reviewed the Order Regarding Annual Review of Rules, Policies and Code of Ethics for the Investment of District Funds. After discussion, upon motion duly made

and seconded, the Board voted unanimously to approve the Order Regarding Annual Review of Rules, Policies and Code of Ethics for the Investment of District Funds. A copy of the Order is attached hereto as an exhibit.

### ENGINEERING REPORT

Russell Cosby presented the Engineer's Report, a copy of which is attached hereto as an exhibit. He reported the September 2014 maintenance was completed, and the next mowing will probably be in October 2014, including over seeding and fertilization. Mr. Cosbey informed the Board the Engineer is waiting for Champions Hydro-Lawn, Inc. ("Champions") to perform the semi-annual inspection of the Storm Water Quality Structure in Villa D'Este Section 2. He noted the proposal for cleaning of the Storm Water Quality Structure has been sent to R. West Development. Mr. Cosbey reported the Engineer received no word from the developer, so they will proceed with the cleaning. He informed the Board no activity had occurred at Bella Vita at Green Tee. Director Gerlach noted a builder has contacted an adjacent homeowner, so the development may still be active.

Mr. Cosbey next reported the application for the Storm Water Management Program ("SWMP") has been submitted to the Texas Commission on Environmental Quality ("TCEQ") for review. He then presented the Capital Projects review, a copy of which is attached hereto as an exhibit. Mr. Cosbey reported there are twenty-six items to be addressed, with photographs of the projects. He noted the budget for this work is \$140,000. Mr. Cosbey stated none of the work is extremely urgent, and the projects have not been prioritized. Director Gerlach said some of the work should be done before the rainy season, due to infiltration. Mr. Cosbey reported Project #16 on the list will require a subcontractor. Mr. Dillard stated it was difficult to get prices on these projects, and some homeowners have complained, so the price for the rest of the work was based on quotes from Champions. He stated they will need to complete several items simultaneously in order to keep the mobilization costs down. Mr. Dillard reported the lids and grates for interceptors at the remote pond have been delivered, and they are lockable. He noted this project is a priority item. Mr. Dillard stated Project #9 on the list has been completed. Upon motion duly made and seconded, the Board voted unanimously to authorize Champions to proceed with the rehabilitation of the District's detention facilities, and to schedule the work at its discretion, to be paid out of the Capital Projects Fund. Mr. Dillard informed the Board this work will complete the transition to a regular desilting program. Director Connor stated the pond had been deeded over to the Homeowners Association ("HOA"), and they agreed to desilt the pond. Mr. Dillard stated he will reconfirm with the HOA before proceeding.

A discussion ensued among the Board regarding the four acres in Lawrence Place. It was noted the Board is not certain of the future plans for this tract, and the property is very shallow. It was noted the District is not sure what obligations it has to future developers. Mr. Wallace stated that, if Pearland dissolves the District, Pearland will take over all assets and liabilities. Mr. Dillard suggested the Board consider adding some hike and bike trails. Mr. Wallace stated capital projects funds cannot be spent on parks. Ms. Williams reported the District could defease some bonds, including some bonds that are maturing next year out of the 2008 Series Bonds. She suggested the District could reduce the Capital Projects Fund, levy a lower debt service tax and add the balance to the Maintenance and Operating tax rate, then switch back the following

year. Ms. Williams suggested the Board could also consider paying off the Series 2008 Bonds. After discussion, the Board requested the Financial Advisor and the Attorney confer to create a financing plan which will accomplish these goals.

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

(SEAL)



  
Secretary, Board of Directors