

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 18

Minutes of Meeting of Board of Directors

September 11, 2012

The Board of Directors of the Montgomery County Municipal Utility District No. 18 held a regular meeting, open to the public, on September 11, 2012, at the Bentwater Country Club, 800 Bentwater Drive, Montgomery, Texas, inside the boundaries of the District with a quorum of directors present as follows:

Linda B. Pierce, Vice President
Joe Constantino, Secretary
Chris Uzelmeier, Assistant Secretary
Roy Champagne, Treasurer

and the following directors absent:

Louis J. Tichacek, President

Also present at the meeting were J. Ron Young of Young & Brooks, Wendy Austin of District Data Services, Dan Wright of Hays Utility Service Corporation, Drew Masterson of First Southwest Company, Ken Byrd of Equi-Tax, Inc., John Bleyl, P.E. of Bleyl & Associates, Steve Seay, and Rex Cambern.

The vice president called the meeting to order and declared it open for such business as may come before the board.

The board approved the minutes of the board meeting held on August 14, 2012.

Wendy Austin reported as to bookkeeping matters within the District. The board approved the budget for the fiscal year ending September 31, 2013.

Drew Masterson discussed the 2012 tax rate. After discussion, upon motion duly made, seconded and unanimously adopted, the board authorized publication of the 2012 tax rate at \$0.27 for debt service and \$0.11 for maintenance and operation for a total 2012 tax rate of \$0.38.

Ken Byrd reported as to the status of tax collections within the District. The District is 98.8% collected for 2011.

Dan Wright reported as to operational matters within the District. There are 1934 connections in the District.

John Bleyl reported as to engineering matters within the District. The board unanimously approved Change Order #1 for \$78,734.00 at Water Well #3. Liquidated damages will be discussed at the October meeting.

Drew Masterson discussed the defeasance of District Bonds, after discussion the board unanimously approved the use of \$1,265,000.00 to defease the Series 2003 District Bonds for the years 2016 through 2018. Upon motion duly made, seconded and unanimously carried, the board adopted the attached Order for Redemption of Series 2003 Bonds, and authorized the board president or vice president to sign the related Notice of Redemption.

There was presented to the board a list of bills for the approval of payment, a copy of which is attached hereto. After discussion, upon motion duly made, seconded and unanimously carried, the board approved said bills and ordered checks to be issued on the appropriate accounts of the District in payment thereof.

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



Secretary, Board of Directors

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 18

ORDER FOR REDEMPTION OF SERIES 2003 BONDS

THE BOARD OF DIRECTORS (the "Board") OF MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 18 (the "District") met at its regular meeting place on September 11, 2012, with the following directors present:

Linda B. Pierce, Vice President
Joe Constantino, Secretary
Chris Uzelmeier, Assistant Secretary
Roy Champagne, Treasurer

and the following directors absent:

Louis J. Tichacek, President

when the following business was transacted:

The order set out below was introduced for consideration of the Board. It was then moved and seconded that said order be adopted; and, after due discussion, said motion was carried by the following vote:

Ayes: All directors shown present.

Noes: None.

The order thus adopted is as follows:

Whereas, in addition to other bonds, the District has presently outstanding and unpaid the following bonds:

\$2,325,000 Montgomery County Municipal Utility District No. 18 Unlimited Tax Refunding Bonds, Series 2003, dated November 1, 2003 (\$2,510,000 bonds of an original issue of \$4,835,000 having matured and been paid) (the "Series 2003 Bonds").

Whereas, the bond order ordering to be issued the Series 2003 Bonds provides that the Series 2003 Bonds scheduled to mature on March 1, 2013, and thereafter shall be callable for redemption prior to maturity at the option of the District, in whole original part, on March 1, 2012, or on any date thereafter, for the purpose of retirement or refunding, or both, at par in addition to unpaid accrued interest.

Whereas, the interest rates on the outstanding Series 2003 Bonds are in excess of the current market rates available to the District on investment of the District's fund balances.

Whereas, the District's surplus funds are sufficient to provide for the early redemption on November 15, 2012 of the Series 2003 Bonds maturing on March 1, 2016 through March 1, 2018, inclusive.

It is therefore ordered by the Board of the District, as follows:

I.

All of the matters and facts contained in the "Whereas" clauses above are found and declared to be true and correct.

II.

The District hereby directs that there be called in whole on November 15, 2012 for redemption at par in addition to unpaid accrued interest the Series 2003 Bonds which mature on March 1, 2016 through March 1, 2018, inclusive (collectively, the "Called Bonds").

III.

The Board hereby directs the President or Vice-President to give written notice of the redemption of the Called Bonds to the paying agent/registrar for the Called Bonds, and the paying agent/registrar for the Called Bonds is hereby instructed to mail notice of the redemption to each holder of the Called Bonds, all in accordance with the provisions of the Bond Order authorizing the issuance of the Called Bonds. For purposes of such determination and designation, all Series 2003 Bonds registered in denominations greater than \$5,000 shall be considered to be registered in separate \$5,000 denominations.

IV.

Prior to November 15, 2012, the District shall deposit funds with the paying agent for the Called Bonds sufficient for the payment of principal of and interest on the Called Bonds to their redemption date of November 15, 2012.

V.

Payment of the principal amount of the Called Bonds will be made on November 15, 2012, upon surrender of said bonds to the paying agent for said bonds. Interest on the Called Bonds shall cease to accrue from and after their redemption date of November 15, 2012.

VI.

All officers and agents of the District are authorized and directed to execute such documents, certificates and receipts as they may deem appropriate in order to consummate the early redemption of the Called Bonds on November 15, 2012. The President or Vice President is authorized to execute and the Secretary or Assistant Secretary to attest this Order on behalf of this Board and the District; and the President and Vice President are authorized to do all things necessary or convenient to carry out the terms and purposes hereof.

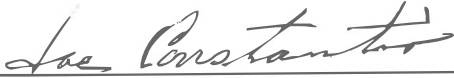
PASSED, ORDERED AND APPROVED, this 11th day of September, 2012.

MONTGOMERY COUNTY MUNICIPAL
UTILITY DISTRICT NO. 18



Linda B. Pierce, Vice President
Board of Directors

ATTEST:



Joe Constantino, Secretary
Board of Directors

I, the undersigned secretary of the board of directors of Montgomery County Municipal Utility District No. 18, hereby certify that the foregoing is a true and correct copy of the Order for Redemption of Series 2003 Bonds, adopted by said board at its meeting of September 11, 2012, together with excerpts from the minutes of said board's meeting on that date showing the adoption of said order, as same appear of record in the official minutes of the board, on file in the district's office.

I further certify that said meeting was open to the public, and that notice thereof was posted in compliance with the provisions of Chapter 551 of the Texas Government Code, as amended, and Section 49.063 of the Texas Water Code, as amended.

Witness my hand and the official seal of said District, this 9th day of October, 2012.


Secretary, Board of Directors

[S E A L]

