

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 18**

Minutes of Meeting of Board of Directors

February 9, 2016

The Board of Directors of the Montgomery County Municipal Utility District No. 18 (the “District”) held a regular meeting, open to the public, on February 9, 2016, at the Bentwater Country Club, 800 Bentwater Drive, Montgomery, Texas, inside the boundaries of the District with a quorum of directors present as follows:

Louis J. Tichacek, President  
Linda B. Pierce, Vice President  
Rex Cambern, Secretary  
Gary Montgomery, Assistant Secretary  
Susan McFarland, Treasurer

and the following directors absent:

None

Also present at the meeting were J. Ron Young and Courtney Young of Young & Brooks, Stephanie Viator of District Data Services, Ken Byrd of Equi-Tax, Inc., John Wright and Danny Wright of Hays Utility Service Corporation, John Bleyl, P.E. of Bleyl & Associates, Drew Masterson of Hilltop Securities, Blair Smith and Terry Gent.

The 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 January 12, 2016.

The board recognized Drew Masterson of Hilltop Securities, who presented a report reflecting the potential savings to be achieved through the proposed 2016 refunding bond issue. After discussion, upon motion duly made, seconded and unanimously carried, the board approved the proposed plan of financing, preliminary official statement, and sale of the Series 2016 Refunding Bonds, provided the District realizes a net present value savings of at least 4.000% of the principal amount of the refunded bonds. Upon motion duly made, seconded and unanimously carried, the board approved RBC Capitol Markets, LLC, to act as underwriter for the proposed refunding.

The board was presented with the Bond Order attached hereto for the issuance of the

District's Unlimited Tax Refunding Bonds Series 2016, which Bond Order designates the District's President and Treasurer for a period of six (6) months as the Authorized Officer to approve the final terms for the issuance and sale of the Series 2016 Refunding Bonds. The Bond Order, with its exhibits attached thereto, was fully considered by the board, and upon motion duly made, seconded and unanimously carried the President was authorized to execute and the Secretary to attest same on behalf of the District.

The Paying Agent/Registrar Agreement and the Escrow Agreement between the District and The Bank of New York Mellon Trust Company, N.A., were presented for approval and execution. Upon motion duly made, seconded and unanimously carried, these agreements were approved, and the board authorized the President and Secretary to execute same on behalf of the District and the Board of Directors.

Upon motion duly made, seconded and unanimously carried, the board further authorized its officers to execute the numerous documents and letters presented to the board in connection with the issuance of the Series 2016 Refunding Bonds and transcripts, and to execute any further documents required by the Attorney General in connection with the approval of the Series 2016 Refunding Bonds. The board further authorized Hilltop Securities, and Young & Brooks in their respective capacities, to finalize matters concerning the issuance, delivery and funding of the bonds upon approval of the Attorney General.

Stephanie Viator reported as to bookkeeping matters in the District.

Ken Byrd reported as to the status of tax collections in the District. The District is 93% collected for 2015. The board unanimously approved a resolution authorizing a 20% penalty on delinquent taxes collected beginning July 1, 2016. The board unanimously set 2016 tax exemptions as follows: none.

Danny Wright reported as to operational matters in the District. There are 2,145 connections in the District.

John Bleyl reported as to engineering matters in the District. Mr. Bleyl will get a bid on sand removal at Miller 10. The board is reviewing the Texas Grounds Keeping, Inc. agreement.

The board authorized any necessary agreements to secure election equipment and software for the water district election.

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.

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Secretary, Board of Directors