

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 18

Minutes of Meeting of Board of Directors

April 4, 2011

The Board of Directors of the Montgomery County Municipal Utility District No. 18 held a special meeting, open to the public, on April 4, 2011, 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
Joe Constantino	Secretary

and the following directors absent:

Chris Uzelmeier	Assistant Secretary
Roy Champagne	Treasurer

Also present at the meeting were J. Ron Young of Young & Brooks, John Bleyl, P.E. of Bleyl & Associates, Rex Camburn, Steve Seay, and Drew Masterson of First Southwest Company.

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 March 8, 2011.

The board discussed various considerations related to a contractual agreement with the Chaney/Bowen development.

Drew Masterson presented bids for the Series 2011 bond issue. It was announced that, pursuant to notice published as required by law, public bids for the sale of the District's proposed \$4,580,000 Series 2011 bonds were to be received at this time and place. Upon motion duly made, seconded and unanimously carried, the board ratified and approved publication of the notice of sale.

There were presented the following bids at the net effective rates noted:

Sterne, Agee & Leach, Inc.	4.499056%
Vining-Sparks IBG, Limited Partnership	4.522748%
Morgan Keegan & Co., Inc.	4.604981%
FirstSouthwest	4.638507%
SAMCO Capital Markets	4.690728%

The bids were carefully considered. Drew Masterson of First Southwest Company, the District's financial advisors, recommended that the bid of Sterne, Agee & Leach, Inc. should be accepted as it produces the lowest net effective interest rate of the District. Based upon this recommendation and advice, it was moved, seconded and unanimously carried that the board and District accept the bid of Sterne, Agee & Leach, Inc. and adopt the attached Order Awarding Sale of the said Series 2011 bonds to same.

There was presented to the meeting the Bond Order attached hereto for the issuance of the District's \$4,580,000 Series 2011 bonds, which Bond Order adopted the terms of the low bid just accepted by the board. Said order was fully considered by the board, provision by provision. Thereupon, upon motion duly made, seconded and unanimously carried, said order be passed and adopted, and the President and Secretary authorized to sign same on behalf of the District.

The board next considered the selection of a paying agent/registrar to handle the closing and distribution of the District's funds and bonds in connection with the Series 2011 bonds. The board reviewed the Paying Agent/Registrar Agreement, and upon review of the Bank's fees in connection with same, a motion was made, seconded and unanimously carried, that The Bank of New York Mellon Trust Company, N.A., be selected as the initial paying agent/registrar, and further that the President and Secretary authorized to sign same on behalf of the District.

The board was presented with the Initial Bond for execution. The board authorized its president and secretary to execute the Initial Bond in duplicate.

Drew Masterson reviewed with the board changes to be made in the preliminary official statement to reflect the final terms of the proposed bond issue. Upon motion duly made, seconded and unanimously carried, the board authorized its financial advisor to issue the final official statement, dated April 4, 2011 with the corrections deemed necessary to properly reflect the terms of the District's Series 2011 bonds.

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 2011 bonds and transcripts, and to execute any further documents required

by the attorney general or by the bond insurer in connection with the approval and delivery of the Series 2011 bonds. The board authorized First Southwest Company 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. Upon motion duly made, seconded and unanimously carried, the board authorized the District officers and consultants to take all necessary actions for the timely issuance and delivery of the Series 2011 bonds.

The board unanimously employed Mark L. Roth, C.P.A. to conduct a reimbursement audit for the Series 2011 bond issue.

The board unanimously authorized the engineers to request a pre-purchase inspection by the TCEQ of the facilities to be acquired with proceeds of the Series 2011 bond issue.

Director Pierce discussed the irrigation system.

The board unanimously approved the contract for water plant #2 with Schier Construction.

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



Secretary, Board of Directors