

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 83**

**Minutes of Meeting of Board of Directors  
September 17, 2009**

The Board of Directors of Montgomery County Municipal Utility District No. 83 met in regular session, open to the public on September 17, 2009, and held at 1300 Post Oak Boulevard, Suite 1400, Houston, Harris County, Texas, in accordance with the duly posted notice of meeting, and the roll was called of the duly constituted members of said Board of Directors, as follows:

John R. Bergeron, President  
Milton H. Fried, Jr., Vice-President  
Bert M. Cottrell, Secretary  
Leslea S. Ortego, Assistant Secretary  
Stanley W. Young, Director

and all persons were present, except Directors Cottrell and Ortego, thus constituting a quorum.

Also present were Stacey Wagner of Wheeler & Associates, Inc. ("Wheeler"), who entered later in the meeting; Keith Billé of Costello, Inc. ("Costello"); Lisa Hernandez of Municipal Accounts & Consulting, L.P. ("MAC"); Chris Wilson of SWWC Services, Inc.; Tommy Weaver of Friendswood Development Company ("Friendswood"); Johnny Williams of Champions Hydro-Lawn, Inc.; Charles Wuest and Dan O'Malley, residents of the District; and Joseph M. Schwartz and Linda Knox of Schwartz, Page & Harding, L.L.P. ("SPH").

The President called the meeting to order and declared it open for such business as might regularly come before it.

In the absence of the Secretary and the Assistant Secretary, Director Young was appointed to serve as Secretary Pro-Tem and authorized to execute the minutes of this meeting.

**APPROVAL OF MINUTES**

As the first order of business, the Board considered approval of the minutes of the Board of Directors meeting held on August 20, 2009. After review of the minutes presented, it was moved by Director Young, seconded by Director Fried, and unanimously carried, that said minutes be approved, as written.

**BOOKKEEPING REPORT**

The Board next reviewed the bookkeeping report dated September 17, 2009, a copy of which is attached as **Exhibit A**, including the checks presented for payment from the District's various accounts.

After discussion on the matter, it was moved by Director Fried that said bookkeeping report be approved and that the checks identified in the report be approved for payment, with the exception of check nos. 3379 and 3381, which were voided. Director Young seconded said motion, which carried unanimously.

#### **APPROVAL OF UNCLAIMED PROPERTY REPORT**

The Board next considered the approval of an Unclaimed Property Report as of June 30, 2009, for the period ending June 30, 2006, reflecting a total of \$385.00 in unclaimed fees that were deemed abandoned during such time period. After discussion on the matter, Director Young moved that such Unclaimed Property Report be approved by the Board and that MAC be authorized to file same with the State Comptroller by November 1, 2009. Director Fried seconded said motion, which unanimously carried.

#### **TAX ASSESSOR-COLLECTOR REPORT**

Ms. Wagner presented the tax assessor-collector report for the month of August 2009, a copy of which is attached hereto as **Exhibit B**, including the checks presented for payment. After discussion concerning the tax assessor-collector report, Director Fried moved that said report be approved and that the checks identified in the report be approved for payment. Director Young seconded said motion, which carried unanimously. Ms. Wagner additionally presented for the Board's review a Delinquent Collections Listing as of August 31, 2009, a copy of which is attached hereto as **Exhibit C**.

Ms. Wagner advised the Board that the District's 2009 certified tax roll has been received from the Montgomery Central Appraisal District reflecting a 2009 certified taxable value of approximately \$136,993,256. Ms. Wagner further reported that the estimate of value requested from the Montgomery Central Appraisal District in connection with the District's proposed Series 2009 Bond Issue has now been received, and that the District's estimated value as of August 1, 2009 is approximately \$148,150,000.

#### **DELINQUENT TAX COLLECTIONS ATTORNEY REPORT**

The Board deferred action relative to the review of a delinquent tax report from the District's delinquent tax collections attorneys, Perdue, Brandon, Fielder, Collins & Mott, L.L.P., since a report was not received this month.

**FINANCIAL ADVISOR'S RECOMMENDATION CONCERNING THE DISTRICT'S PROPOSED 2009 TAX RATE**

The Board deferred action relative to the receipt of the financial advisor's recommendation concerning the District's proposed 2009 tax rate.

**OPERATION AND MAINTENANCE REPORT**

Mr. Wilson presented to and reviewed with the Board the operations and maintenance report for the month of August 2009, a copy of which is attached hereto as **Exhibit D**. Mr. Wilson provided additional information concerning the following matters:

Mr. Wilson advised the Board that the annual inspection of the ground storage and hydropneumatic tanks at the water plant was performed and that no areas of concern were noted during such inspection. Mr. Wilson further reported that the clarifier at the wastewater treatment plant was taken out of service for cleaning.

Mr. Wilson additionally advised the Board that Mr. Marriott would report next month regarding a new type of sludge hauling service being offered by Sludge-Net Dewatering Systems, Inc., as discussed at the last meeting.

The Board deferred consideration of appeals of District charges after noting that no appeals had been received.

**DEVELOPER'S REPORT**

The Board considered the developer's report. Mr. Weaver reported to the Board regarding the status of development and home sales within the District and within Montgomery County Municipal Utility District No. 84 ("No. 84").

Mr. Weaver further advised the Board that he is working with Montgomery County Commissioner Ed Rinehart to obtain the County's acceptance of the Bentwood Drainage Channel into the County's drainage system so that the County will contribute toward the cost of the maintenance of the channel.

**ENGINEERING REPORT**

The Board considered the engineering report. Mr. Billé presented to and reviewed with the Board a written report dated September 17, 2009, a copy of which is attached hereto as **Exhibit E**.

Mr. Billé advised the Board of the pay estimates which had been submitted in connection with the ongoing projects within the

District. Mr. Billé recommended that the pay estimate reflected on the attached engineering report be approved for payment. After discussion on the matter, it was moved by Director Young, seconded by Director Fried and unanimously carried, that the pay estimate reflected on the attached engineering report be approved for payment, as recommended by Mr. Billé.

**STATUS OF ACCEPTANCE BY MONTGOMERY COUNTY OF STREETS FOR MAINTENANCE**

Mr. Billé presented to and reviewed with the Board a chart reflecting the status of the acceptance by Montgomery County of the streets located within the District for maintenance. A copy of the chart is attached to the engineering report.

**ACCEPTANCE OF SITE AND/OR EASEMENT CONVEYANCES**

The Board deferred action relative to the acceptance of site and/or easement conveyances.

**ACCEPTANCE OF CONVEYANCES OF UTILITY FACILITIES**

The Board considered the acceptance of Quitclaim Conveyances of Utility Facilities in connection with the Bentwood Oaks Drive and Sorters Road Bridges. After discussion on the matter, it was moved by Director Fried, seconded by Director Young and unanimously carried that such Quitclaim Conveyances of Utility Facilities be accepted by the Board.

**STATUS OF APPLICATION TO TEXAS COMMISSION ON ENVIRONMENTAL QUALITY REQUESTING A REDUCTION IN THE DISTRICT'S WASTEWATER FLOW FACTOR**

Mr. Billé advised the Board that, by correspondence dated September 16, 2009, the Texas Commission on Environmental Quality ("TCEQ") had approved the District's application requesting a reduced wastewater flow factor for the wastewater treatment plant from 315 gallons per day per connection to 200 gallons per day per connection. Mr. Billé further advised the Board that, as result of such wastewater flow factor reduction, the wastewater treatment plant will be able to serve approximately 700 additional connections without expanding the plant facilities.

**DISCUSSION REGARDING REPAIR OF SINKHOLE ON SWEETGUM**

Mr. Billé advised the Board that he had received an e-mail communication from Mike Zenner regarding a sinkhole in front of a home located on Sweetgum. Mr. Billé further advised the Board that he had directed SWWC to repair the sinkhole and to make the necessary corrections to ensure that the problem does not occur again. Mr. O'Malley advised the Board that the sinkhole is located

in front of his residence and that the sinkhole has not yet been repaired. Mr. Wilson stated that he would investigate the status of the repair. Mr. Billé also noted that he had received an e-mail from a resident regarding flooding near golf course hole no. 11 and that he had discussed the situation with representatives of the golf course as the flooding is not a District issue.

**DISCUSSION REGARDING COMPLIANCE WITH LONE STAR GROUNDWATER CONSERVATION DISTRICT'S DISTRICT REGULATORY PLAN**

Mr. Schwartz updated the Board regarding surface water conversion requirements in order to comply with the Lone Star Groundwater Conservation District's District Regulatory Plan, as reflected in the attached engineering report.

**AGREEMENT FOR JOINT FINANCING, CONSTRUCTION AND MAINTENANCE OF EMERGENCY GENERATORS BY AND BETWEEN THE DISTRICT AND NO. 84**

The Board deferred action relative to the approval and execution of an Agreement for Joint Financing, Construction and Maintenance of Emergency Generators by and between the District and No. 84.

**SECOND AMENDMENT TO WASTE DISPOSAL AGREEMENT BY AND BETWEEN THE DISTRICT AND NO. 84**

The Board deferred action relative to the approval and execution of a Second Amendment to Waste Disposal Agreement by and between the District and No. 84.

**STATUS OF DISTRICT'S PROPOSED \$2,160,000 BOND ISSUE, SERIES 2009 AND REAPPROVAL OF PRELIMINARY OFFICIAL STATEMENT AND NOTICE OF SALE IN CONNECTION THEREWITH**

Mr. Schwartz addressed the Board concerning the status of the District's proposed \$2,160,000 Bond Issue, Series 2009. He advised the Board that, now that the estimate of value had been received from the Montgomery Central Appraisal District indicating that the District has sufficient value to proceed with the proposed bond issue, Craig Rathmann will submit an application to Standard & Poor's requesting a credit rating. Mr. Schwartz further reported that, if a favorable credit rating is received, the District can then proceed with the proposed bond issue, with the bond sale to be held at the next regular Board meeting scheduled for October 15, 2009. After discussion on the matter, it was moved by Director Fried, seconded by Director Young and unanimously carried, that the Notice of Sale and Preliminary Official Statement in connection with the proposed Series 2009 Bond Issue previously approved by the Board on July 16, 2009, be reapproved by the Board and dated as of the date hereof.

**STATUS OF APPLICATION TO TEXAS COMMISSION ON ENVIRONMENTAL QUALITY  
REQUESTING RELEASE OF ESCROWED BOND PROCEEDS IN CONNECTION WITH THE  
DISTRICT'S SERIES 2009 BONDS**

Mr. Schwartz addressed the Board concerning the status of the Application to the TCEQ Requesting Release of Escrowed Bond Proceeds in connection with the District's Series 2009 Bonds. In that regard, he advised the Board that an Application requesting the release of all of the escrowed bond proceeds in the amount of \$325,342 was submitted to the TCEQ on September 2, 2009.

**ATTORNEY'S REPORT**

The Board next considered the attorney's report. Mr. Schwartz presented for the Board's review correspondence received by the District from the Houston-Galveston Area Council (the "HGAC"), who is the coordinating sponsor for the Bacteria Implementation Group (the "BIG"). A copy of such correspondence is attached hereto as **Exhibit F**. Mr. Schwartz advised the Board that the BIG is preparing a Regional Plan (the "Plan") to address bacteria impairments in twelve watersheds which encompass most of Harris County and portions of Montgomery, Galveston, Fort Bend, Brazoria, Walker, Waller, Liberty, Grimes, and San Jacinto Counties. Mr. Schwartz reported that the completed Plan will eventually be presented to the TCEQ, and the TCEQ may act upon some or all of the recommendations cited in the Plan. He further reported that, at this stage, the BIG is starting public outreach and education efforts, and that no action is required by the District.

Mr. Schwartz further advised the Board that a request had been received from a resident of Porter Municipal Utility District to access the Bentwood Drainage Channel in connection with the construction of a swimming pool. Mr. Schwartz reported that, after discussing the matter with the District's engineer, the request had been denied due to the potential for damages to the channel. Mr. Schwartz stated that there had been no further communication from the resident.

**COMMENTS FROM THE PUBLIC**

The Board recognized Messrs. O'Malley and Wuest who advised that they had no District matters to address with the Board.

**REPORT REGARDING CONDITION OF BENTWOOD DRAINAGE CHANNEL**

The Board recognized Mr. Williams who reported regarding the condition of the Bentwood Drainage Channel. Mr. Williams addressed the Board regarding certain repairs that were made to the channel approximately three weeks ago. He presented photographs of the

repairs, copies of which are attached hereto as **Exhibit G**, and discussed the repair process.

**ADJOURNMENT**

There being no further business to come before the Board, on motion made by Director Fried, seconded by Director Young, and unanimously carried, the meeting was adjourned.

\_/s/ Stanley W. Young  
Stanley W. Young, Secretary Pro-Tem  
Board of Directors

LIST OF ATTACHMENTS

<u>Exhibit A</u>	Bookkeeping Report
<u>Exhibit B</u>	Tax Assessor-Collector Report
<u>Exhibit C</u>	Delinquent Collections Listing as of August 31, 2009
<u>Exhibit D</u>	Operation and Maintenance Report
<u>Exhibit E</u>	Engineering Report
<u>Exhibit F</u>	Letter from the Houston-Galveston Area Council
<u>Exhibit G</u>	Photographs of Repairs to Bentwood Drainage Channel