

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 84

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

The Board of Directors of Montgomery County Municipal Utility District No. 84 met in regular session, open to the public on December 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:

David Jezierski, President
Scott Finger, Vice President
John Becker, Secretary
Candice H. Creekmore, Assistant Secretary
Edward J. Boado, Director

and all of said persons were present, except Director Creekmore, thus constituting a quorum.

Also present were Lisa Hernandez of Municipal Accounts & Consulting, L.P. ("MAC"); Stacey Wagner of Wheeler & Associates, Inc. ("Wheeler"); Rick Marriott of SWWC Services, Inc. ("SWWC"); Keith Billé of Costello, Inc. ("Costello"); Tommy Weaver of Friendswood Development Company ("Friendswood"); Julie Williams of Rathmann & Associates, L.P.; Sherri Greenwood of BKD, LLP; 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.

APPROVAL OF MINUTES

As the first order of business, the Board reviewed the minutes of its meeting held on November 19, 2009. After review and discussion of the minutes presented, Director Becker moved that the aforesaid minutes be approved, as written. Director Finger seconded said motion, which unanimously carried.

**STATUS OF APPLICATION TO TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
FOR APPROVAL OF PROJECT AND BONDS IN CONNECTION WITH DISTRICT'S
\$1,980,000 UNLIMITED TAX BONDS, SERIES 2010**

The Board next considered the status of the Application to Texas Commission on Environmental Quality ("TCEQ") for Approval of Project and Bonds in connection with the District's \$1,980,000 Unlimited Tax Bonds, Series 2010. In that regard, Mr. Schwartz advised the Board that the Application had been filed with the TCEQ

on November 19, 2009, and declared administratively complete by the TCEQ on December 3, 2009.

ACCEPTANCE OF BIDS FOR PURCHASE OF \$875,000 BOND ANTICIPATION NOTE, SERIES 2009, AUTHORIZE ACCEPTANCE AND EXECUTION OF COMMITMENT LETTER FROM PURCHASER OF NOTE AND APPROVE AND ADOPT AN ORDER AUTHORIZING NOTE

As the next order of business, it was announced that bids for the sale of the District's proposed \$875,000 Bond Anticipation Note, Series 2009 were to be received at this time and place. Ms. Williams announced that five (5) bids had been received. She then presented the Board with Rathmann & Associates, L.P.'s recommendation that the Board consider awarding the bid to the bidder offering the lowest interest rate, Central Bank, at an interest rate of 3.875%. A copy of Rathmann & Associate, L.P.'s recommendation letter is attached hereto as **Exhibit A**. After discussion, it was moved by Director Becker, seconded by Director Finger and unanimously carried, that (i) the bid of Central Bank for the purchase of the District's \$875,000 Bond Anticipation Note, Series 2010 ("Series 2010 Note") at an annual fixed interest rate of 3.875% be accepted by the Board, (ii) Central Bank's Commitment Letter relative to the purchase of the Series 2010 Note be approved and that the President be authorized to execute same on behalf of the Board and the District, and (iii) the Order Authorizing the Series 2010 Note attached hereto as **Exhibit B** be approved by the Board and that the President be authorized to execute the Order and the Secretary to attest same on behalf of the Board and the District.

AUTHORIZE EXECUTION OF NOTE AND VARIOUS CLOSING DOCUMENTS

Mr. Schwartz presented to and reviewed with the Board the Note and various closing documents in connection with its issuance, including the General Certificate, Signature and No-Litigation Certificate, Federal Tax Certificate and the District's Receipt. After review and discussion, Director Becker moved that (i) the Note be approved and that the President and Secretary be authorized to execute same on behalf of the Board and the District, (ii) SPH be authorized to handle all matters relating to the closing of the Notes and (iii) the President and Secretary, as appropriate, be authorized to execute the closing documents on behalf of the Board and the District. Director Finger seconded said motion, which carried unanimously.

APPROVAL OF AUDIT REPORT AND AUTHORIZE DISBURSEMENT OF NOTE PROCEEDS IN ACCORDANCE THEREWITH

Ms. Greenwood presented to and reviewed with the Board a draft audit report dated December 10, 2009, prepared by BKD, LLP in

connection with the payment of funds to Friendswood from the proceeds of the Note. Mr. Schwartz advised the Board that pre-purchase inspection approval in connection with the facilities has not yet been received from the TCEQ. After discussion concerning the audit presented, Director Becker moved that said audit report be approved, and that disbursement of the proceeds of the Note be authorized in accordance with such audit, subject to the receipt of pre-purchase inspection approval from the TCEQ and an executed Receipt and Indemnity from Friendswood. Director Finger seconded said motion, which unanimously carried.

Ms. Williams exited the meeting at this time.

ENGAGEMENT OF AUDITOR RELATIVE TO PREPARATION OF AUDIT REPORT FOR FISCAL YEAR ENDING DECEMBER 31, 2009

Ms. Greenwood addressed the Board relative to the engagement of BKD, LLP, to conduct an audit of the District's records for the fiscal year ending December 31, 2009. Ms. Greenwood advised the Board that the cost for the preparation of such audit was estimated to be \$13,000, plus expenses, as well as additional fees ranging from \$400 to \$500 for any applicable bond issuance scheduling. After discussion on the matter, Director Becker moved that the firm of BKD, LLP, be engaged to conduct the District's audit for the fiscal year ending December 31, 2009, in accordance with the terms outlined in BKD, LLP's, engagement letter, a copy of which is attached hereto as **Exhibit C**, and that the President be authorized to execute such engagement letter on behalf of the Board and the District. Director Finger seconded said motion, which carried unanimously.

BOOKKEEPING REPORT

The Board reviewed the bookkeeping report dated December 17, 2009, a copy of which is attached as **Exhibit D**, including the checks presented for payment from the District's various accounts. With respect to the \$7.95 Compass Bank charge reflected on the bookkeeping report, Ms. Hernandez advised the Board that this fee is a flat fee charged monthly by American Express in connection with the District's electronic payment program for water bills. She further reported that Mr. Marriott has made arrangements for American Express to be removed from the District's electronic payment program as there are currently no customers of the District who use American Express for payment of their water bills. Thereafter, it was moved by Director Becker that said bookkeeping report be approved and that the wire transfers and checks identified in the bookkeeping report be approved for payment, with the exception of check no. 1932, which was voided. Director Finger seconded said motion, which carried unanimously.

ADOPTION OF OPERATING BUDGET FOR FISCAL YEAR ENDING DECEMBER 31, 2010

Ms. Hernandez presented a proposed general operating budget for the fiscal year ending December 31, 2010, a copy of which is attached to the bookkeeping report. After discussion concerning the budget submitted, Director Becker moved that the budget, as presented, be adopted for the fiscal year ending December 31, 2010. Director Finger seconded said motion which unanimously carried.

TAX ASSESSOR-COLLECTOR REPORT

Ms. Wagner presented the tax assessor-collector report for the month of November 2009, a copy of which is attached hereto as **Exhibit E**, including the checks presented for payment. After discussion concerning the tax assessor-collector report, Director Becker moved that said report be approved, that the checks identified in the report be approved for payment. Director Finger seconded said motion, which carried unanimously. Ms. Wagner noted that she did not have a Delinquent Collections Listing to present for the Board's review this month as there are currently no delinquent accounts.

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.

OPERATION AND MAINTENANCE REPORT

Mr. Marriott presented to and reviewed with the Board the operation and maintenance report for the month of October 2009, a copy of which is attached hereto as **Exhibit F**. Mr. Marriott provided additional information concerning the following matter:

Mr. Marriott addressed the Board concerning a request received from a customer of the District for an adjustment to her account due to abnormally high water usage as a result of a damaged meter. In that regard, he advised the Board that the meter was probably damaged before the customer moved into the home in June (during the construction of the home). Mr. Marriott further reported, that based on an average of her water usage, the customer should be credited approximately \$661.50. Mr. Marriott stated that the customer has requested that she be issued a check rather than a credit to her account. After discussion on the matter, the Board the Board authorized SWWC to issue a check to the customer in the approximate amount of \$661.50.

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. 83 ("No. 83"). Mr. Weaver advised the Board that development continues to progress well and that home sales continue to be strong.

ENGINEERING REPORT

The Board considered the engineering report. Mr. Billé presented to and reviewed with the Board a written report dated December 17, 2009, a copy of which is attached hereto as **Exhibit G**. Mr. Billé provided additional information concerning the following matters:

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

Mr. Billé further advised the Board that Mr. Weaver is still 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. He reported that Commissioner Rinehart has indicated that a work order for maintenance of the channel has been placed on the agenda for the next commissioner's court. Mr. Billé noted that the District will continue to maintain the channel, but that Mr. Weaver would like the County to contribute toward such maintenance costs.

Mr. Billé addressed the Board concerning the installation of permanent generators for operation of the wastewater treatment plant and lift stations. In that regard, Mr. Billé advised the Board that the Board of Directors of Montgomery County Municipal Utility District No. 83 has authorized Costello to proceed with the plans and specifications for the installation of natural gas pumps in lieu of emergency generators for operation of the lift stations. Mr. Billé then discussed the manner in which the pumps work and the benefits that would be derived as a result of the installation of the pumps. After discussion on the matter, the Board concurred that that Costello be authorized to proceed with the plans and specifications for the installation of natural gas pumps in lieu of emergency generators for operation of the lift stations.

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 acceptance of site and/or easement conveyances. In that regard, the Board deferred acceptance of a Special Warranty Deed for Reserve A of Terrace at Oakhurst, Section Two, pending the receipt of title information for the tract.

ACCEPTANCE OF CONVEYANCES OF UTILITY FACILITIES

The Board deferred action relative to the acceptance of conveyances of utility facilities.

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.

APPROVAL AND EXECUTION OF SECOND AMENDMENT TO WASTE DISPOSAL AGREEMENT BY AND BETWEEN THE DISTRICT AND NO. 83

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. 83.

STATUS OF APPLICATION REQUESTING RELEASE OF ESCROWED BOND PROCEEDS IN CONNECTION WITH \$148,000 ESCROWED FOR WATER PLANT, PHASE I; APPROVAL OF AUDIT REPORT AND AUTHORIZE DISBURSEMENT OF BOND PROCEEDS IN CONNECTION THEREWITH

Mr. Schwartz advised the Board that the District's application requesting the release of escrowed bond proceeds from the District's Series 2009 Bonds in the total amount of \$148,000 for Water Plant, Phase I had been approved by the TCEQ on December 4, 2009. Ms. Greenwood then presented for the Board's review a supplemental audit report prepared by BKD, LLP, dated December 9, 2009, in connection with the payment of funds to No. 83 for Water Plant, Phase I. After discussion, Director Becker moved that the

supplemental audit report be approved by the Board and that the proceeds of said Series 2009 Bonds be disbursed in accordance with said report. Director Finger seconded said motion, which unanimously carried.

ATTORNEY'S REPORT

The Board next considered the attorney's report. Mr. Schwartz advised the Board that he had nothing further to discuss with the Board of a legal nature which was not covered under specific agenda items.

DISCUSSION REGARDING AMENDMENT TO, AND RENEWAL OF, LETTER AGREEMENT BY AND BETWEEN THE DISTRICT AND OAKHURST COMMUNITY ASSOCIATION

Mr. Schwartz advised the Board that the current agreement by and between the District and Oakhurst Community Association, Inc. (the "HOA") pursuant to which the District contributes \$6,000 per year toward law enforcement services provided by the Montgomery County Sheriff's Department will expire on January 7, 2010. After discussion on the matter, the Board deferred action relative to the amendment to, and renewal of, the letter agreement with the HOA regarding the District's contribution toward law enforcement services pending the receipt of the new contract by and between the HOA and the Montgomery County Sheriff's Department.

NOTICE OF CANDIDATE APPLICATION FILING PERIOD FOR THE DIRECTORS ELECTION TO BE HELD MAY 8, 2010

Mr. Schwartz advised the Board that, pursuant to a 2009 amendment to the Texas Election Code, the District is required to post a notice identifying the period during which a candidate may file an application to appear on the ballot for the District's directors election to be held on May 8, 2010. Mr. Schwartz noted that such notice must be posted by January 7, 2010, in a public place at the District's designated offices. After discussion on the matter, upon motion by Director Becker, seconded by Director Finger and unanimously carried, the Board authorized SPH to prepare and post such notice on behalf of the Board and the District.

ADJOURNMENT

There being no further business to come before the Board, it was moved Director Becker, seconded by Director Finger and unanimously carried, that the meeting be adjourned.

/s/ John Becker
John Becker
Secretary, Board of Directors

LIST OF ATTACHMENTS

<u>Exhibit A</u>	Rathmann & Associate, L.P.'s Recommendation Letter for acceptance of bid for District's Series 2010 BAN
<u>Exhibit B</u>	Order Authorizing the Series 2010 Note
<u>Exhibit C</u>	BKD, LLP Engagement Letter
<u>Exhibit D</u>	Bookkeeping Report
<u>Exhibit E</u>	Tax Assessor-Collector Report
<u>Exhibit F</u>	Operation and Maintenance Report
<u>Exhibit G</u>	Engineering Report