

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 8

MINUTES OF REGULAR MEETING

FEBRUARY 9, 2011

The Board of Directors (the "Board" or "Directors") of Montgomery County Municipal Utility District No. 8 (the "District" or "MCMUD 8") met in regular session, open to the public, on Wednesday, February 9, 2011, at 9:00 a.m., at the Walden Yacht Club, 13101 Melville Drive, Montgomery, Texas 77356, a designated meeting place located inside the boundaries of the District, and the roll was called of the duly constituted officers and members of the Board, to-wit:

Roy McCoy	President
Bob Leasure	Vice President
Daniel L. Davis	Assistant Vice President
Arch Payne	Secretary
Dan Fryman	Assistant Secretary

All members of the Board were present. Also attending were Katherine Turner of Municipal Accounts & Consulting L.P. ("Bookkeeper"); Erich Peterson, P.E. and Justin Abshire of Jones & Carter, Inc. ("Engineer"); Danny Wright of Hays Utility North Corporation ("Operator"); Ernie Harris and Judi Sanders of Montgomery County Municipal Utility District No. 9 ("MCMUD 9"); Scott Sustman, General Manager of the Walden Community Improvement Association ("WCIA"); and Ross J. Radcliffe and Elliot M. Barner of Johnson Radcliffe Petrov & Bobbitt PLLC ("Attorney").

The President, after finding that the notice of the meeting was posted as required by law and determining that a quorum of the Board was present, called the meeting to order and declared it open for such business as may come before it.

1. Public Comments. The President first opened the meeting to public comment.
 - a. Mr. Sustman discussed a low area and drainage issues adjacent to a 24-inch storm drain located at Melville and Emerson. Director McCoy instructed Mr. Sustman to discuss this matter with the District Engineer.
 - b. Director Davis stated that approximately 425 people attended the Lake Conroe Community Network ("LCCN") presentation. Director Davis added that the LCCN sent out a survey and received 14 completed surveys indicating a need for additional water studies.

As no further public comments were offered, the President directed the Board to proceed with the agenda.

2. Minutes. The President directed the Board to the approval of the minutes of the regular meeting of January 12, 2011, and the special meeting of January 13, 2011.

- a. Upon a **motion** by Director Davis, seconded by Director Fryman, after full discussion and with all Directors present voting aye, the Board approved the minutes of the regular meeting of January 12, 2011, as presented.
- b. Upon a **motion** by Director Leasure, seconded by Director Davis, after full discussion and with all Directors present voting aye, the Board approved the minutes of the special meeting of January 13, 2011, as presented.

3. Tax Assessor-Collector's Report. The Tax Assessor-Collector's Report was next presented by Ms. Turner, a copy of which is attached hereto as Exhibit "A."

- a. Ms. Turner reviewed the past monthly collections and credits as reported by J. R. Moore, Tax Assessor-Collector for the District, and reported that 89.74% of the 2010 taxes have been collected as of February 2, 2011.
- b. The Board discussed various tax-related orders as follows:
 - (1) Increasing the residential homestead to any individual who is disabled or is 65 years of age or older from \$10,000 to \$20,000. The Board next discussed adopting the Order Determining Ad Valorem Tax Exemptions, a copy of which is attached hereto as Exhibit "B." which provides for a residential homestead exemption to any individual who is disabled or is 65 years of age or older in the amount of \$20,000 as provided in §11.13(d), Texas Property Tax Code. Upon a **motion** by Director Fryman, seconded by Director Leasure, after full discussion and with all Directors present voting aye, the Board approved the Order Determining Ad Valorem Tax Exemptions and increased the residential homestead to any individual who is disabled or is 65 years of age or older from \$10,000 to \$20,000;
 - (2) Resolution Authorizing Petition Challenging Appraisal Records, a copy of which is attached hereto as Exhibit "C." Mr. Radcliffe explained that annually the Board adopts this resolution authorizing the tax assessor-collector to challenge the appraisal records on behalf of the District, if the tax assessor-collector identifies a need for such challenge. Upon a **motion** by Director Davis, seconded by Director Fryman, after full discussion and with all Directors present voting aye, the Board approved the Resolution Authorizing Petition Challenging Appraisal Records; and
 - (3) Resolution Implementing Penalty on 2010 Delinquent Taxes and Contracting with Attorneys to Collect Delinquent Taxes, a copy of which is attached hereto as Exhibit "D." Upon a **motion** by Director Davis, seconded by Director Fryman, after full discussion and with all Directors present voting aye, the Board approved the Resolution Implementing Penalty on 2010 Delinquent Taxes and Contracting with Attorneys to Collect Delinquent Taxes.

Upon a **motion** duly made, seconded and unanimously carried, the Board approved the Tax Assessor-Collector's Report, as presented.

4. Bookkeeper's Report. The Bookkeeper's Report, a copy of which is attached as Exhibit "E," was next presented by Ms. Turner.

- a. After a review of current fund balances, expenditures and investments, Ms. Turner reviewed current year-to-date revenues and expenditures against the budget.
- b. The Bookkeeper presented the expenditures paid out of the District's Operations Fund as of February 9, 2011, to be reimbursed from future bond proceeds, a copy of which is attached to the Bookkeeper's Report.
- c. The Board reviewed a Snap Shot Financial Report as of January 10, 2011, prepared by the Bookkeeper, a copy of which is attached as Exhibit "F."

Upon a **motion** by Director Fryman, seconded by Director Davis, after full discussion and with all Directors present voting aye, the Board approved the Bookkeeper's Report, as presented; authorized payment of checks numbered 5476 through 5504 from the General Fund; authorized payment of checks numbered 1284 through 1289 from the Sewage Treatment Plant Fund at Woodforest Bank; and adopted a resolution declaring its intent to reimburse the Operating Funds for the expenses out of a future bond issue.

Ms. Turner exited the meeting at this time.

5. Engineer's Report. The Engineer's Report was next presented by Mr. Abshire, a copy of which is attached hereto as Exhibit "G."

a. Discuss the Status of Sanitary Sewer Cleaning & Televising:

- (1) Section 3. The Engineer reported that Source Point Solutions, LLC ("Source Point") is currently in the process of cleaning and televising Section 3. The Engineer reported that the contractor has encountered two (2) locations where the sanitary sewer line was partially collapsed. The Engineer added that the Operator will proceed with making point repairs at these locations.
- (2) Section 4 (Phase I): The Engineer next reported that he received a proposal from Source Point for the cleaning and televising of Section 4 (Phase I) in the amount of \$22,119.30. Source Point will proceed with Section 4 (Phase I) once the cleaning and televising of Section 3 is completed.

b. Report on the Status of the Wastewater Treatment Plant ("WWTP") Outfall Extension. The Engineer reported that the final inspection of the WWTP Outfall Extension was held on January 21, 2011, and that the contractor has some minor punch list items to complete. The Engineer indicated that he expects to present a final pay estimate at the March 2011 Board meeting.

- c. Annual Water Plant Inspections. The Engineer reported that he expects to present the results of the District's water plant inspections, which were conducted on January 18, 2011, at the March meeting
- d. Discuss Status of the Proposed Reclaimed Water Project to Serve WCIA. The Engineer presented the revised Reclaimed Water Cost Analysis, a copy of which is attached to the Engineer's Report. Upon a **motion** by Director Davis, seconded by Director Payne, after full discussion and with all Directors present voting aye, the Board authorized the Engineer to begin work on a permit to provide for the WCIA reclaimed water project.
- e. Review Proposed List of Bond Projects. The Engineer next presented a Summary of Potential Bond Authorization Requirement (the "Summary"), a copy of which is attached to the Engineer's Report, and reported that the Summary was revised to include the items listed on the Bookkeeper's reimbursement spreadsheet, phosphate monitoring and WWTP modifications, Walden Road utility relocations, a new administration building, and storm sewer repairs and replacement.
- f. Review and Approve Proposal for Construction of Bulkhead at 3131 Poe Street. The Engineer next reported that he is coordinating with Decks on the Lake, the contractor, and Mrs. Brookner on the design of the bulkhead. The Engineer presented a proposal from Decks on the Lake in the amount of \$7,985.00 to complete the bulkhead, including a small jet ski ramp. The proposal included an invoice for one-half (1/2) of the total amount of the proposal to be paid for ordering the bulkhead materials in the amount of \$3,992.50. The remaining \$3,992.50 will be paid at the completion of the bulkhead.
- g. MCMUD 9. The Engineer then reported that he has completed review of the facility agreement with MCMUD 9 and that he forwarded his comments to the Attorney. The Engineer also indicated that he coordinated with MCMUD 9's Engineer and they both agree with the proposed revisions to the facility agreement.

Upon a **motion** by Director Payne, seconded by Director Leasure, after full discussion and with all Directors present voting aye, the Board accepted the Engineer's Report, as presented.

6. Operator's Report. The Operator's Report was next presented by Mr. Danny Wright, a copy of which is attached hereto as Exhibit "H."

- a. Mr. Wright presented a cost estimate for fixed base electronic meter reading, a copy of which is attached to the Operator's Report, and indicated that he met with a representative of Neptune Technology Group.
- b. Mr. Wright next reported that the combined water accountability for the District and MCMUD 9 was 95.35%.
- c. Mr. Wright then reported that the District had one (1) paid tap last month and that the District has a total of 1,516 connections.

- d. Mr. Wright reviewed the list of service termination notices and noted that 166 notices were mailed and that one (1) account was terminated.

Upon a **motion** duly made, seconded and unanimously carried, the Board approved the Operator's Report, as presented, and authorized termination of service to the delinquent accounts pursuant to the District's Rate Order.

7. State and Local Agency Reports.

- a. Texas Water Development Board/Region H Planning Group. No significant items were reported.
- b. Lone Star Groundwater Conservation District ("LSGCD"). No significant items were reported.

8. Walden Community Improvement District. Nothing new to report during the past month.

9. MCMUD 9 Report. No significant items were reported.

10. Community Communications Committee Report. No significant items were reported.

11. Emergency Response Committee Report. No significant items were reported.

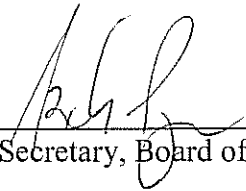
12. Insurance Renewal Proposal. Mr. Radcliffe presented insurance renewal proposals from AquaSurance, L.L.C. and HighPoint Insurance Group. A discussion ensued regarding hiring an insurance consultant to review the District's insurance coverage and risks, and continue the District's current insurance coverage on a month-to-month basis until such insurance consultant can be hired. Upon a **motion** by Director Davis, seconded by Director Fryman, after full discussion and with all Directors present voting aye, the Board agreed to continue the District's current insurance coverage on a month-to-month basis and to hire an insurance consultant to review the District's insurance coverage and risks.

Director Fryman exited the meeting at this time.

13. Election Agenda. Mr. Radcliffe discussed appointment of a designated agent for the May 14, 2011 bond election to perform the duties set forth in Sections 31.122 and 31.123 of the Texas Election Code, as amended. Mr. Radcliffe explained that a copy of the Notice of Appointment of Designated Agent will be posted at the Walden Yacht Club, 13101 Melville Drive, Montgomery, Texas 77356, and at the offices of Johnson Radcliffe Petrov & Bobbitt PLLC, 1001 McKinney, Suite 1000, Houston, Texas 77002-6424, the District's designated agent. Upon a **motion** by Director Davis, seconded by Director Leasure, after full discussion and with all Director's present voting aye, the Board appointed Johnson Radcliffe Petrov & Bobbitt PLLC as the District's designated agent for the May 14, 2011 bond election.

THERE BEING NO FURTHER BUSINESS BEFORE THE BOARD, the meeting was adjourned.

PASSED AND APPROVED this the 9th day of March, 2011.



Secretary, Board of Directors

EXHIBITS:

- A - Tax Assessor-Collector's Report
- B - Order Determining Ad Valorem Tax Exemptions
- C - Resolution Authorizing Petition Challenging Appraisal Records
- D - Resolution Implementing Penalty on 2010 Delinquent Taxes and Contracting with Attorneys to Collect Delinquent Taxes
- E - Bookkeeper's Report
- F - Snap Shot Financial Report
- G - Engineer's Report
- H - Operator's Report

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 8
ATTENDANCE ROSTER
FEBRUARY 9, 2011**

	Name (please print)	Company/Address/Phone Number
1.	<u>ERNE HARRIS</u>	<u>MUD 9 713-828-1300</u>
2.	<u>JUDY SANDERS</u>	<u>936-582-1932</u>
3.	<u>Scott SUSTMAN</u>	<u>936-582-1672</u>
4.		
5.		
6.		
7.		
8.		
9.		
10.		