

# MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 8

## MINUTES OF REGULAR MEETING

MARCH 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, March 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 and Philip Wright of Hays Utility North Corporation ("Operator"); John Howell of The GMS Group, LLC ("Financial Advisor"); Judi Sanders and Charles Barron 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. As no 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 February 9, 2011, and the special meeting of February 10, 2011.
  - a. Upon a **motion** by Director Leasure, seconded by Director Payne, after full discussion and with all Directors present voting aye, the Board approved the minutes of the regular meeting of February 9, 2011, as presented.
  - b. Upon a **motion** by Director Leasure, seconded by Director Payne, after full discussion and with all Directors present voting aye, the Board approved the minutes of the special meeting of February 10, 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 94.36% of the 2010 taxes have been collected as of March 2, 2011.
- b. A discussion ensued concerning the ad valorem tax exemptions adopted by the Board on February 9, 2011. It was the consensus of the Board to make no further changes to the ad valorem tax exemptions at this time.

Upon a **motion** by Director Davis, seconded by Director Fryman, after full discussion and with all Directors present voting aye, 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 "B," 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 Board reviewed a Snap Shot Financial Report as of February 9, 2011, prepared by the Bookkeeper, a copy of which is attached as Exhibit "C."
- c. Director Davis requested the Bookkeeper to include a column in the budget for the projected amount of each line item at year-end.

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 and 5505 through 5533 from the General Fund; and authorized payment of checks numbered 1290 through 1296 from the Sewage Treatment Plant Fund at Woodforest Bank.

Ms. Turner exited the meeting at this time.

5. Insurance Renewal Proposal.

- a. The Board discussed the District's insurance renewal and accepted the insurance renewal proposal from AquaSurance, L.L.C. Upon a **motion** by Director Davis, seconded by Director Payne, after full discussion and with all Directors present voting aye, the Board accepted the proposal from AquaSurance, L.L.C., a copy of which is attached as Exhibit "D."
- b. Next, the Board requested the Attorney to follow-up with an insurance consultant to analyze the adequacy of the District's current insurance coverage requirements.

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

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.

(2) Section 4 (Phase I): The Engineer next reported that 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 he awaits completion of minor punch list items and that he will issue the final payment estimate once those items are completed.

c. Review Proposed List of Bond Projects. The Engineer next reported that he forwarded the Potential Bond Authorization Requirement summary to Mr. Howell for his review and analysis, as well as the projected project funding summary over the next 10 years. The Engineer added that Mr. Howell completed his review and provided various debt service schedule spreadsheets for the Board's consideration.

d. Annual Water Plant Inspections. The Engineer presented the Water Plant Inspection Report, a copy of which is attached hereto as Exhibit "F." The Engineer suggested the Operator complete the minor repairs as listed in the inspection report, and discuss the major repair items at the August 2011 Board meeting, proposing to bid the projects in September and begin work in October or November 2011.

e. The Engineer presented the G-M Services ("G-M") Performance Test Reports for Well Nos. 1 and 2, copies of which are attached hereto as Exhibits "G" and "H," respectively. The G-M reports indicate the wells are in good condition.

f. Discuss Status of Construction of Bulkhead at 3131 Poe Street. The Engineer reported that Decks on the Lake has completed the bulkhead at 3131 Poe Street and presented photographs of the construction site, copies of which are attached hereto as Exhibit "I." The Engineer presented the final invoice from Decks on the Lake in the amount of \$3,992.50. The Board authorized the Operator to lay sod on the disturbed portion of the lot where additional soil was added for the bulkhead.

g. Discuss Status of the Proposed Reclaimed Water Project to Serve WCIA. The Engineer next reported that he met with Directors Payne and Leasure on February 22, 2011, to discuss cost options for the reclaimed water project. The Engineer presented a draft Reclaimed Water Cost Analysis, a copy of which is attached hereto as Exhibit "J." Upon a **motion** by Director Davis, seconded by

Director Fryman, after full discussion and with all Directors present voting aye, the Board approved the WCIA reclaimed water project and rates as presented.

- h. MCMUD 9. The Engineer then reported that he attended a pre-construction meeting for the MCMUD 9 cleaning and televising project. The Engineer indicated that he addressed the level of inspections and that District operations personnel will be on-site daily.
- i. The Engineer discussed low area issues at Whittier and Hawthorne. The Engineer stated that pipe sizes may be small in that area although the pipes were probably adequate at the time they were constructed. Mr. Peterson recommended widening the inlet to possibly help this issue. Upon a **motion** by Director Payne, seconded by Director Leasure, after full discussion and with all Directors present voting aye, the Board authorized the Engineer to widen the inlet at a cost not to exceed \$5,000.

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

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

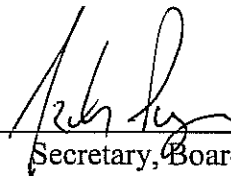
- a. Mr. Wright reported that the combined water accountability for the District and MCMUD 9 was 96.20%.
- b. Mr. Wright next reported that the District had two (2) paid taps last month and that the District has a total of 1,517 connections.
- c. Mr. Wright reviewed the list of service termination notices and noted that 152 notices were mailed and that one (1) account was terminated.
- d. Mr. Wright reported that Larry Finke will work with the District on issues related to obtaining Lone Star Groundwater Conservation District ("LSGCD") water credits.
- e. Mr. Wright next reported that the laboratory test results are not providing accurate readings and that he will find another laboratory to test additional samples.

Upon a **motion** by Director Davis, seconded by Director Fryman, after full discussion and with all Directors present voting aye, 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.

8. State and Local Agency Reports.
  - a. Texas Water Development Board/Region H Planning Group. Director Davis indicated that Judge Sadler and Mayor Melder will be attending the Region H meeting on March 23<sup>rd</sup> to request that some additional water studies be done for Montgomery County.
  - b. LSGCD. No significant items were reported.
9. Walden Community Improvement Association. Nothing new to report during the past month.
10. MCMUD 9 Report. No significant items were reported.
11. Community Communications Committee Report. No significant items were reported.
12. Emergency Response Committee Report. No significant items were reported.
13. A discussion ensued regarding the Interlocal Agreement for Financing, Construction, Ownership, Operation and Maintenance of Water Facilities with MCMUD 9. Danny Wright indicated accountability at 93% over a three (3) month period.
14. Association of Water Board Directors. Mr. Radcliffe then requested the Board's authorization of the Directors' attendance at the AWBD Summer Conference in Fort Worth on Thursday, June 9, 2011 through Saturday, June 11, 2011. Upon a **motion** by Director Davis, seconded by Director Fryman, after full discussion and with all Directors present voting aye, the Board authorized the Directors' attendance at the AWBD Summer Conference on behalf of the District.

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

**PASSED AND APPROVED** this the 13th day of April, 2011.



Secretary, Board of Directors

**EXHIBITS:**

- A - Tax Assessor-Collector's Report
- B - Bookkeeper's Report