

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 82

April 27, 2009

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 82 (the "District") met in regular session, open to the public, on April 27, 2009, outside the boundaries of the District, at the offices of Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas, and the roll was called of the members of the Board:

Gary Sundstrom	President
Rick Gable	Vice President
Don Hays	Secretary
Matthew Hoffpauir	Assistant Vice President
Jerry Chesnutt	Assistant Secretary

and all of the above were present.

Also present at the meeting were David Wright and Dennis Wright, of TNG Utilities, Inc. ("TNG"); Vickey Sullivan and David Ferrier of Equi-Tax, Inc.; Larry Kupstas and Mike Hunt of Aurous Properties, Inc.; Erik Spencer of Van De Wiele Engineering, Inc. ("Van de Wiele"); David Aguilar of Republic Waste Company; David Escobar of the Harris County Precinct 4 Constable's office; and Lynne B. Humphries and Sharon Covan of Allen Boone Humphries Robinson LLP ("ABHR").

APPROVE MINUTES

The Board considered approving the minutes of the March 23, 2009, regular meeting. After review and discussion, Director Chesnutt moved to approve the minutes of the March 23, 2009, meeting. Director Hays seconded the motion, which passed unanimously.

COMMENTS FROM THE PUBLIC

There were no comments from the public.

GARBAGE SERVICE

Mr. Aguilar reported on garbage service in the District and reviewed the Work Order Report, a copy of which is attached.

## OPERATION OF DISTRICT FACILITIES

Mr. David Wright presented the operator's report, a copy of which is attached. He reviewed the water production report and stated that water consumption was 20,193,000 gallons with 21,648,000 gallons pumped. He said that water accountability was 94.1% during March and that there were no excursions at the wastewater treatment plant. Mr. Wright reviewed the billing and collection report. He said that there were eight taps installed during March. Mr. Wright said that 17% of the District's utility customers used the on-line payment option during March.

Mr. Wright said that the Harris-Galveston Coastal Subsidence District permit has been renewed. Director Hays recommended that the operator submit an amended permit application to lower the gallons of water permitted for withdrawal, based on historical usage. The Board agreed with Director Hays and asked Mr. Wright to calculate the water average water pumped over the last three years plus 10-15% and submit an amended application for a permit.

The Board reviewed the esplanade water usage report. The Board noted the high water usage by the school on James Leo and the zero usage reported for several meter locations. Mr. Wright said that he would investigate the meters with zero usage and the school on James Leo with the high usage. The Board requested that TNG verify that all of the esplanade meters are working properly.

Mr. Wright said that the Texas Commission on Environmental Quality ("TCEQ") was contacted regarding the dead fish observed in the channel. He said that the quantity of dead fish was very small and that the Texas Parks and Wildlife Department may not require that the fish be replaced.

The Board next reviewed the builder damage report, a copy of which is attached. Mr. Wright said that Ryland Homes is verifying the work performed relating to their builder damages. Ms. Sullivan said that the tax refund checks have been released to Ryland Homes.

The Board reviewed the water production report, the Harris-Galveston Coastal Subsidence District report and the North Harris County Regional Water Authority ("NHCRWA") report.

Mr. Wright distributed photographs of the repaired sink hole. Mr. Wright said that the Consumer Confidence Report is being prepared and will be presented next month.

The Board reviewed the utility cut-off list. After review and discussion, Director Chesnutt moved to approve the operator's report. Director Hays seconded the motion, which passed by unanimous vote.

## CONDUCT HEARING ON TERMINATION OF WATER SERVICE

The Board conducted a hearing on the termination of water service. Mr. Wright reported that the customers on the attached termination list for the month were delinquent and had been given notification of the opportunity to appear before the Board of Directors to explain, contest, or correct the bill and to show reason why service should not be terminated because of nonpayment, all as required by the District's Amended Rate Order. Director Chesnutt moved that, because the customers on the attached list were not present at the meeting, nor had presented any statement on the matter, said utility services should be terminated in accordance with the District's Amended Rate Order, if payment is not received. Director Hays seconded the motion, which passed unanimously.

## DROUGHT CONTINGENCY PLAN

Ms. Humphries said that the TCEQ is requiring that Districts review and adopt a revised and restated Drought Contingency Plan ("DCP") by May 1, 2009. She said that the penalty for violating the Drought Contingency Plan may be increased from \$5,000 to \$10,000. After review and discussion, Director Hoffpauir moved to make no change to the penalty, adopt the Order Adopting the Second Amended and Restated Drought Contingency Plan, and direct that the DCP be filed with the Region H Water Planning Group and in the District's official records. Director Sundstrom seconded the motion, which passed by unanimous vote.

## IDENTITY THEFT PREVENTION PROGRAM

Ms. Humphries said that Districts with residential or commercial water and sewer customers must adopt an Identity Theft Prevention Program (the "Program") by May 1, 2009, in accordance with rules adopted by the Federal Trade Commission. She said the District's operator is the Administrator of the Program and will report to the Board on the detection of identity theft. After review and discussion, Director Chesnutt moved to adopt the Order Adopting the Identity Theft Prevention Program and direct that the Order be filed in the District's official records. Director Hoffpauir seconded the motion, which passed by unanimous vote.

## REQUEST FOR PUBLIC ASSISTANCE FROM THE FEDERAL EMERGENCY MANAGEMENT AGENCY ("FEMA")

Ms. Sullivan said that a check in the amount of \$59,947.20 was received from the Division of Emergency Management for the District's expenses incurred as a result of Hurricane Ike.

## FINANCIAL AND BOOKKEEPING

Mr. Ferrier presented the bookkeeper's report, investment report, and surplus funds report and reviewed the bills presented for payment. He said that C. E. Barker has reimbursed the District for the double payment they received. Mr. Wright said that he will contact the NHCRWA to determine their interest in purchasing groundwater credits from the District. Mr. Ferrier said that the check to the Harris-Galveston Coastal Subsidence District is for sponsorship of one-half of the Burchette Elementary School's fifth grade class Water Wise Program.

After review and discussion, Director Hays moved to authorize sponsorship of one-half of the Burchette Elementary fifth grade class and to approve the bookkeeper's report. Director Chesnutt seconded the motion, which passed by unanimous vote. A copy of the bookkeeper's report is attached.

## CREDIT RATING UPGRADE AND MATERIAL EVENT NOTICE

Ms. Covan distributed a letter from Standard & Poor's regarding the District's rating, a copy of which is attached. Ms. Humphries said that Standard & Poor's has upgraded the District's underlying rating from BBB to BBB+, and that ABHR has filed a Material Event Notice in compliance with SEC regulations.

## TAX ASSESSMENT AND COLLECTIONS

Ms. Sullivan reviewed the tax assessor/collector's report and the bills presented for payment. She said that the District's 2008 taxes are 91.1% collected. She said that the estimate of the District's 2009 taxable value has been received from the Harris County Appraisal District in the amount of \$346,011,904. After review and discussion, Director Chesnutt moved to approve the tax assessor/collector's report. Director Gable seconded the motion, which passed by unanimous vote. A copy of the tax assessor/collector's report is attached.

## DELINQUENT TAX REPORT

There was no report from the delinquent tax attorney. Ms. Covan said that the administrative hearing on the condemnation proceeding is May 6, 2009.

## ENGAGE DARREL KAINER TO REVIEW INSURANCE PROPOSALS

Ms. Covan said that Mr. Kainer's fee for the review of three insurance proposals is approximately \$1,000 and approximately \$1,500 for reviewing four proposals. After review and discussion, Director Chesnutt moved to engage Darrel Kainer to review and compare the District's insurance proposals. Director Gable seconded the motion, which

passed by unanimous vote. The Board requested that ABHR also request an insurance proposal from High Point Insurance.

#### SECURITY REPORT

Mr. Escobar reviewed the February security patrol report, a copy of which is filed in the District's official records. He noted frequent calls regarding disturbances at the children's home on River Valley and said that the Constable's office will write a letter to the home.

#### ENGINEERING

Mr. Spencer presented the engineering report, a copy of which is attached.

#### EASEMENTS AND DEEDS, CONSENTS TO ENCROACHMENT, UTILITY COMMITMENTS

Mr. Spencer said that there were no deeds or easements for approval by the Board.

#### BRECKENRIDGE FOREST NORTH, SECTION 2

Mr. Spencer stated that the Breckenridge North, Section 2 site is stabilized and that the storm water pollution prevention contract is on hold until further development.

#### NORTH SPRING, SECTION 15

Mr. Spencer reported on the development of North Spring, Section 15. He said that this project is on hold.

#### BIRNAMWOOD DRIVE EXTENSION TO SERVE ELEMENTARY SCHOOL

Mr. Spencer reported on the status of storm water pollution prevention to serve the Birnamwood Drive extension. He presented and recommended for approval Pay Estimate No. 8 to Environmental Allies in the amount of \$400.00.

#### BRECKENRIDGE FOREST, SECTION 9 AND 10

Mr. Spencer had no report on these matters.

#### BRECKENRIDGE PARK (WOODMERE DEVELOPMENT)

Mr. Spencer reported on the development of Breckenridge Park. He presented and recommended for approval Pay Estimate No. 21 in the amount of \$325.00 for

the storm water pollution prevention contract. Mr. Spencer said that the construction of water, sewer and drainage facilities for Breckenridge Park is on hold.

#### BRADBURY FOREST, SECTIONS 6 AND 7

Mr. Spencer stated that plans for Bradbury Forest, Sections 6 and 7 have been approved by governmental agencies. He said that the project is on hold.

#### WATER PLANT NO. 3

Mr. Spencer discussed the construction of water plant no. 3. He said that the sub-contractor claims that the fence column shifted and this is not a warranty issue. Mr. Spencer said that the contractor, W. W. Payton, is addressing this matter with Fencecrete.

#### WASTEWATER TREATMENT PLANT EXPANSION

Mr. Spencer reported that plans for the wastewater treatment plant expansion will be submitted to governmental agencies for review after the easements are acquired. The Board requested that Ms. Sullivan obtain a report from Perdue, Brandon, Fielder, Collins & Mott regarding the status of the tax foreclosure on the Johnson Loggins property.

Mr. Spencer reviewed a cost estimate for a wastewater treatment plant rehabilitation project, a copy of which is attached, in lieu of expansion of the plant.

Mr. Spencer reviewed a summary of completed and substantially completed capital projects and proposed projects, a copy of which is attached. Mr. Kupstas said that Breckenridge Forest North, Section 2 can be added to the proposed near term projects.

Director Sundstrom asked about converting the existing generator from diesel to natural gas. Mr. Spencer said that a conversion would cost about the same as a new generator.

Director Hays recommended another meeting with the engineer and operator to review the wastewater treatment plant modifications.

#### WASTEWATER TREATMENT PLANT PERMIT

Mr. Spencer said that the wastewater treatment plant permit renewal is being prepared.

## CONNECTION AND CAPACITY UPDATE

Mr. Spencer stated that there are 2,715 active single-family residential water connections in the District.

## DESIGN, CONSTRUCTION AND DEVELOPMENT IN THE DISTRICT

Mr. Hunt reported on development in the District.

After review and discussion, and based on the engineer's recommendation, Director Chesnutt moved to: 1) approve Pay Estimate No. 8 to Environmental Allies in the amount of \$400.00 for the storm water pollution prevention contract for the Birnamwood Drive extension to serve the elementary school; 2) approve Pay Estimate No. 21 in the amount of \$325.00 each for the storm water pollution prevention contract for Breckenridge Park; 3) authorize Director Hays to meet with the engineer and operator regarding the wastewater treatment plant modifications; and 4) accept the engineer's report. Director Gable seconded the motion, which passed by unanimous vote.

## NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

Director Gable reported on the NHCRWA.

## WEB SITE

The Board requested that the Second Amended and Restated Drought Contingency Plan be posted on the District's web site instead of the prior Plan.

## ACTION TAKEN DURING THE MONTH

The Board reviewed the actions taken during the month.

## LEGISLATIVE MONITORING REPORT

Ms. Covan said that the Board members were mailed the latest issue of the Legislative Monitoring Report.

## DIRECTORS AND DISTRICT CONSULTANT REPORTS ABOUT DISTRICT OPERATIONS

Director Gable said that he received a call from a customer regarding his water bill. The Board suggested that the customer send a letter to the District in care of TNG.

MAY MEETING DATE

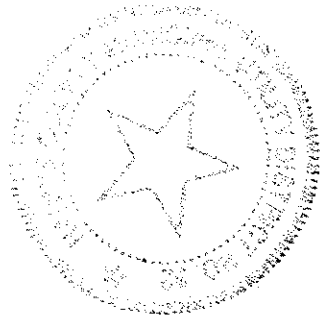
The Board discussed changing the May meeting date due to the Memorial Day holiday. After review and discussion, the Board agreed to change the May meeting from May 25, 2009, to May 28, 2009.

CONVENE IN EXECUTIVE SESSION PURSUANT TO CHAPTER 551.072, TEXAS GOVERNMENT CODE, TO DELIBERATE THE PURCHASE, EXCHANGE, LEASE, OR VALUE OF REAL PROPERTY AND CONDEMNATION PROCEEDING; ENGAGEMENT LETTER WITH JOYCE, MCFARLAND & MCFARLAND, LLP

The Board did not convene in Executive Session.

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

(SEAL)



*[Handwritten Signature]*  
Assistant Secretary Board of Directors

ACTION LIST

1. Operator will calculate average water consumption and file an amended permit application.
2. Operator will verify the operation of the esplanade meters.
3. Attorney will file the Drought Contingency Plan.
4. Attorney will request insurance proposal.
5. Tax assessor will obtain a report on the tax foreclosure.

LIST OF ATTACHMENTS

	<u>Minutes</u>
	<u>Page</u>
Work Order Report.....	1
operator's report.....	2
termination list .....	3
bookkeeper's report .....	4
letter from Standard & Poor's .....	4
tax assessor/collector's report .....	4
engineering report .....	5
cost estimate for a wastewater treatment plant rehabilitation project.....	6
summary of completed and substantially completed capital projects and proposed projects.....	6