

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 82

January 25, 2010

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 January 25, 2010, 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 Utility Corp. ("TNG"); Vickey Sullivan and David Ferrier of Equi-Tax, Inc.; Mike Hunt of Aurous Properties, Inc.; Erik Spencer of Van De Wiele & Vogler, Inc.; Lieutenant David Escobar of the Harris County Precinct 4 Constable's office; Chris Swedlund of McCall, Gibson, Swedlund & Barfoot, PLLC; and Lynne Humphries and Sharon Covan of Allen Boone Humphries Robinson LLP ("ABHR").

APPROVE MINUTES

The Board considered approving the minutes of the December 21, 2009, meeting. Director Hays said that the Board authorized the purchase of the rental motor for water plant no 2 in the amount of \$8,875 and requested that the minutes be corrected. After review and discussion, Director Chesnutt moved to approve the minutes of the meeting, as corrected. Director Hoffpauir seconded the motion, which passed unanimously.

COMMENTS FROM THE PUBLIC

There were no comments from the public.

GARBAGE SERVICE

There was no report from Republic Waste. Director Sundstrom noted that the two small garbage dumpsters at the pool had not yet been picked up.

## SECURITY

Lieutenant Escobar reviewed the December security patrol report, a copy of which is attached. Director Hays said that cars traveling east bound on Fern Hill are speeding, mainly during the morning rush hour. Lieutenant Escobar said that he can authorize a patrol car in that area.

Discussion ensued regarding the activities at the Unity Children's Home (the "Home") and the number of calls the Harris County Precinct 4 Constable's office (the "Constable") received regarding the Home during 2008 and 2009. Director Sundstrom said that a log of the 2008 and 2009 calls from the Home to the Constable's office was received from Constable's office in response to the District's Open Records request. Director Sundstrom said that he prepared a summary of the calls according to type. After review and discussion, Director Chesnutt moved to authorize ABHR to revise the letter to the Texas Department of Family and Protective Services and to send the letter to Director Sundstrom for review. Director Hays seconded the motion, which passed by unanimous vote.

## AUDIT FOR THE FISCAL YEAR END SEPTEMBER 30, 2009

Mr. Swedlund reviewed the audit for the fiscal year ended September 30, 2009, including the management discussion and analysis. After review and discussion, Director Chesnutt moved to approve the management response letter and the audit, subject to final review. Director Gable seconded the motion, which passed by unanimous vote.

## 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 during the month of December was 16,793,000 gallons with 18,673,000 gallons pumped. Mr. David Wright said that water accountability was 91.81% during December and that there were no excursions at the wastewater treatment plant. Mr. David Wright then reviewed the billing and collection report. He reported that Harris County Municipal Utility District No. 43 used the emergency water interconnect for two days due to the malfunction of a voltage transformer.

Mr. David Wright said that information is being requested from Business Creditor Management regarding a contract for collection of the District's delinquent utility accounts.

Mr. David Wright discussed a house service line that was cut on 4922 Cypress Hurst where Long Lake homes are under construction. The Board asked Mr. Wright to

contact the builder and notify Directors Hays and Hoffpauir regarding the status of payment of the damages.

Mr. David Wright reviewed a letter from Regina Daniels of 3015 Peerless Pass Court, a copy of which is attached to the operator's report, regarding a water leak due to damaged sprinklers following freeze conditions. After review and discussion, the Board authorized TNG to bill Ms. Daniels for water usage under the first tier of \$1.25 per 1,000 gallons of water after the base fee for the first 3,000 gallons in accordance with the Amended Rate Order.

Mr. David Wright discussed the Texas Commission on Environmental Quality (the "TCEQ") Agreed Order and the administrative penalty. He said that a letter was received from the TCEQ notifying the District that the District had complied with all of the requirements of the Agreed Order. He said that TNG will continue to submit the quarterly reports as required under the Agreed Order.

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

The Board reviewed the utility cut-off list. After review and discussion, Director Hays moved to approve the operator's report. Director Gable 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. David 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 termination 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 Gable seconded the motion, which passed unanimously.

#### FINANCIAL AND BOOKKEEPING

Mr. Ferrier presented the bookkeeper's report, a copy of which is attached, including the investment report and surplus funds report and reviewed the bills presented for payment. Ms. Humphries suggested that that each bond series from which there are remaining surplus funds be listed on the surplus funds report. After

review and discussion, Director Hays moved to approve the bookkeeper's report. Director Gable seconded the motion, which passed by unanimous vote.

#### ANNUAL DISCLOSURE STATEMENTS

Ms. Humphries explained that the annual disclosure statement discloses relationships of the bookkeeper and investment officer with entities or individuals who are offering, have offered, or may offer to engage in an investment transaction with the District. After review and discussion, Director Chesnutt moved that the Board accept the disclosure statement from the District's bookkeeper and investment officer and authorize filing the disclosure statements with the Texas Ethics Commission. Director Gable seconded the motion, which passed unanimously.

#### ARBITRAGE REBATE STUDY FOR SERIES 2005 BONDS

The Board considered a proposal from OmniCap Group, LLP ("OmniCap") to perform the five year arbitrage review of the District's Unlimited Tax Bonds, Series 2005. Ms. Humphries stated that the cost of the review by OmniCap is \$2,500.00. After review and discussion, Director Chesnutt moved to authorize OmniCap to perform the five year arbitrage review of the Series 2005 Unlimited Tax Bonds. Director Gable seconded the motion, which passed by unanimous vote.

#### TAX ASSESSMENT AND COLLECTIONS

Ms. Sullivan reviewed the tax assessor/collector's report and the bills presented for payment. She said that the Virtual Check Merchant Processing Agreement is presented today for approval by the Board. After review and discussion, Director Chesnutt moved to approve the Virtual Check Merchant Processing Agreement and 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 Perdue, Brandon, Fielder, Collins & Mott, L.L.P.

#### SENATE BILL 361 AND EMERGENCY PREPAREDNESS PLAN

Mr. Spencer discussed implementation of the requirements of Senate Bill 361 and the Emergency Preparedness Plan. He said that he will coordinate with David Wright to complete the forms. After discussion, Director Hays moved to authorize the engineer and operator to prepare the District's Emergency Preparedness Plan and to submit the plan to the TCEQ by the March 1, 2010, deadline. Director Chesnutt seconded the motion, which passed by unanimous vote.

## 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 the water line easement, sanitary sewer easement, and storm sewer and water line easements from Spring Independent School District ("Spring ISD"), the sanitary sewer easement from Judy Ley Allen and a sanitary sewer easement from CET Limited are presented today for acceptance by the Board.

## BRECKENRIDGE FOREST NORTH, SECTION 2

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

## BRECKENRIDGE PARK (WOODMERE DEVELOPMENT)

Mr. Spencer reported on the development of Breckenridge Park. He said that the construction of water, sewer and drainage facilities and storm water pollution prevention for Breckenridge Park are on hold.

## APPROVE PLANS AND SPECIFICATIONS AND AUTHORIZE ADVERTISING FOR BIDS FOR CYPRESSWOOD HEIGHTS LIFT STATION AND NATURAL GAS BYPASS PUMP

Mr. Spencer said that the plans for the Cypresswood Heights lift station have been approved by the City of Houston and he is waiting for Harris County to approve the plans.

## APPROVE PLANS AND SPECIFICATIONS AND AUTHORIZE ADVERTISING FOR BIDS FOR WATER, FORCE MAIN AND DRAINAGE TO SERVE CYPRESSWOOD HEIGHTS DRIVE AND SCHOOL SITE

Mr. Spencer said that Costello, Inc. ("Costello") is designing the water, sewer and drainage facilities for the 400 acre tract including the water line, sanitary force main, and storm sewer for the entrance road to the Spring ISD site. He said that agency comments are being addressed and he is waiting for the final approved plans from Costello.

BIRNAMWOOD AND CYPRESSWOOD WATERLINES AND EXTENSIONS AND CYPRESSWOOD INTERCONNECT

Mr. Spencer said that bids were received for the Birnamwood water line extension and Cypresswood Interconnect. He said that the low bidder did not submit qualifications and financial statements with the bid proposal as required by the Instructions to Bidders. Mr. Spencer recommended awarding the contract to the second low bidder, D. L. Elliott, in the amount of \$368,633.00. He said that the District's share of the Cypresswood Interconnect is \$172,829.67 and the District's cost of the Birnamwood water line is \$78,946 for a total District cost of \$251,775.67. Mr. Spencer requested that the Board also authorize notification to the TCEQ that the District intends to use of surplus funds for this project.

WASTEWATER TREATMENT PLANT IMPROVEMENT PROJECT

Mr. Spencer discussed the proposed improvements to the wastewater treatment plant. He said that notification will be provided to the TCEQ that the District intends to use approved surplus funds for this project. Mr. Spencer said that the bid documents are being prepared and bids will be due on February 19, 2010. Mr. Spencer presented the wastewater treatment plant plat for signature by the Board members.

WASTEWATER TREATMENT PLANT PERMIT

Mr. Spencer said that he is waiting for the final wastewater treatment plant permit from the TCEQ.

BRECKENRIDGE FOREST LIFT STATION AND WATER PLANT NO. 3 GENERATORS AND EMERGENCY BYPASS PUMP

Mr. Spencer said that the contract for the Breckenridge Forest lift station standby pump and water plant no. 3 generator was awarded last month to C. F. McDonald Electric and that the contracts are presented today for execution. He requested that the Board authorize notification to the TCEQ that the District intends to use of surplus funds for this project.

DRAINAGE AND ACCESS TO SANITARY SEWER OFFSITE EASEMENT FOR DRAINAGE SWALES

Mr. Spencer said that the contract for the drainage swales to drain the offsite sanitary sewer easement right-of-way was awarded last month to D. L. Glover. Mr. Spencer said that two proposals for a lockable barricade gate were received and he recommended accepting the proposal from Fence Master in the amount of \$3,300 upon approval of Harris County Precinct 4. Mr. Spencer said that a barricade board replacement may be necessary at a cost of \$10.00 per linear foot.

## WATER PLANT NO. 1 RECOATING

Mr. Spencer said that he recommends recoating the water plant no. 1 hydro tank rather than replacing it. He said that the estimated cost to recoat the ground storage tank inside and out is \$220,000. Mr. Spencer requested authorization to advertise for bids. He said that this project would be paid from the District's operating account. The Board asked the bookkeeper to prepare an amended budget to include the water plant no. 1 recoating project.

## CONNECTION AND CAPACITY UPDATE

Mr. Spencer stated that there are 2,838 active single-family residential water connections in the District. He said that the annual update of the commercial connections based on twelve month usage history has been prepared and that there are 142 active commercial accounts.

## DESIGN, CONSTRUCTION AND DEVELOPMENT IN THE DISTRICT

Mr. Hunt reported on development in the District.

There were no further engineering matters for discussion. After review and discussion, and based on the engineer's recommendation, Director Chesnutt moved to: 1) accept the easements, as stated; 2) award the contract for the Birnamwood water line extension and Cypresswood Interconnect to D. L. Elliott, in the amount of \$368,633.00; 3) authorize ABHR to submit notification letters to the TCEQ regarding the District's intent to use surplus funds for the Birnamwood water line extension and Cypresswood Interconnect and for the Breckenridge Forest lift station standby pump and water plant no. 3 generator; 4) authorize execution of the wastewater treatment plant plat; 5) authorize the engineer to advertise for bids for recoating the water plant no. 1 hydro tank; and 6) approve 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

There was no report on the web site.

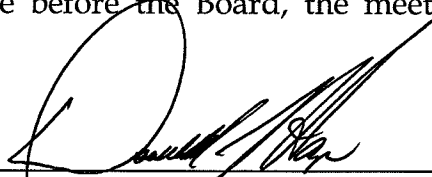
## ACTION TAKEN DURING THE MONTH

The Board reviewed the actions taken during the month. Mr. Wright said that the District's manhole survey is approximately 25% complete.

DIRECTORS AND DISTRICT CONSULTANT REPORTS ABOUT DISTRICT OPERATIONS

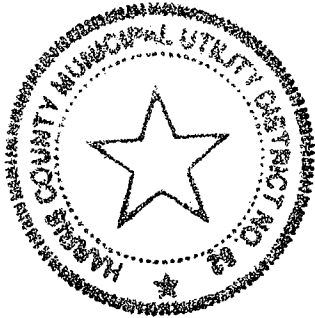
There were no further reports.

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



Secretary, Board of Directors

(SEAL)



ACTION LIST

1. Republic Waste will pick up small containers at the pool. (holdover)
2. TNG will perform manhole survey. (holdover)
3. ABHR will prepare notification letters to the TCEQ regarding the use of surplus funds.
4. Engineer and Operator will prepare Emergency Preparedness Plan.
5. Lieutenant Escobar will authorize a patrol car in the Fern Hill area.
6. ABHR will revise the letter to the Unity Children's Home.
7. Operator will contact Long Lake homes regarding damages to a house service line.
8. Bookkeeper will prepare amended budget to include the water plant no. 1 recoating project.

LIST OF ATTACHMENTS

	<u>Minutes</u>
	<u>Page</u>
operator's report.....	2
termination list .....	3
bookkeeper's report .....	3
proposal from OmniCap Group, LLP .....	4
tax assessor/collector's report .....	4
engineering report .....	5