

MINUTES
MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 89

February 5, 2015

The Board of Directors (the "Board") of Montgomery County Municipal Utility District No. 89 (the "District") met in regular session, open to the public, on the 5th day of February, 2015, at Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Houston, Texas 77027, outside the boundaries of the District, and the roll was called of the duly appointed members of the Board, to-wit:

Gregory Grant	President
Paul Cote	Vice President
Robert Veasey, III	Secretary
Robert Ayre	Director
Shawn Goodman	Assistant Secretary

and all of the above were present except Director Goodman, thus constituting a quorum.

Also present at the meeting were: Bill Gill; Sebastien Moulin and Kenneth Brown of the Legends Ranch Property Owners Association ("POA"); Anthea Moran of First Southwest Company; Martin Murdock and Justin Abshire of Jones & Carter, Inc. ("J&C"); John Montgomery of Municipal Operations & Consulting, Inc. ("MOC"); Christina Garcia and Karrie Kay of Myrtle Cruz, Inc. ("Myrtle Cruz"); Johnny Williams of Champions Hydro-Lawn, Inc. ("Champions"); and Tim Austin and Cathy Campbell of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board reviewed the minutes of the January 8, 2015, regular meeting. Following review and discussion, Director Ayre moved to approve the minutes of the January 8, 2015, regular meeting. The motion was seconded by Director Veasey and passed by unanimous vote.

BOOKKEEPER'S AND TAX ACCOUNT REPORT

Ms. Garcia presented the bookkeeper's report, including information on the tax account, and submitted the bills for the Board's review. After review, Director Veasey moved to approve the bookkeeper's, the tax account report, and the checks presented for payment. Director Grant seconded the motion, which carried by unanimous vote. The report is attached.

PROPOSAL FROM LEGENDS RANCH PROPERTY OWNERS ASSOCIATION ("POA")
FOR FUNDING STREET LIGHTS AND LAKE MAINTENANCE

Director Grant stated that he emailed a list of items and information that the Board would like the POA to provide before considering the POA's requests for funding lake maintenance and street lighting. Mr. Brown and Mr. Moulin stated that the list was not received and determined that Director Grant emailed the list to the wrong address. Director Grant stated that he does not have the list at the meeting, but that he will send it to the correct email address. Director Grant also stated that the District is considering subsidizing certain expenses and the POA will continue to manage the projects instead of transferring the contracts to the District. The Board discussed conveyance of land to the District. Mr. Austin reminded the Board that Land Tejas is agreeable to convey 8.5 acres to the District as discussed last month, but has not yet decided about conveying the tract by lift station no. 2. Mr. Austin stated that Land Tejas told him they plan to make a decision about the lift station no. 2 tract by the District's March meeting. Mr. Murdock stated that KB Homes is agreeable to convey property it owns in the pipeline easement to the District. Director Cote discussed landscaping the exterior area on Elan Boulevard and Birnam Woods from the cinderblock wall to the street. The Board agreed to obtain title reports to confirm ownership of the tracts in the District.

REFUNDING

Ms. Moran reviewed a possible refunding of the District's Unlimited Tax Bonds Series 2006 and 2008. A copy of the information provided on the refunding is attached. Ms. Moran also reviewed a list of underwriter's, a copy of which is attached. The Board agreed to engage SAMCO Capital Markets as the underwriter and to authorize First Southwest Company to engage Mike Arterburn to collect information on values in the District.

DISCUSS ASSOCIATION OF WATER BOARD DIRECTORS WINTER CONFERENCE
AND APPROVE REIMBURSEMENT OF ELIGIBLE EXPENSES, AND AUTHORIZE
ATTENDANCE AT THE ASSOCIATION OF WATER BOARD DIRECTORS SUMMER
CONFERENCE

After discussion, Director Cote moved to approve reimbursement of eligible expenses from the Association of Water Board Directors ("AWBD") winter conference and to authorize attendance at the AWBD summer conference. Director Ayre seconded the motion, which carried by unanimous vote.

PROPOSAL FOR RAYFORD ROAD CIVIC ASSOCIATION ANNUAL DUES

After discussion, Director Veasey moved to authorize payment of the annual dues to Rayford Road Civic Association. Director Ayre seconded the motion, which carried by unanimous vote.

APPROVE ANNUAL REPORT AND AUTHORIZING FILING OF SAME WITH APPROPRIATE INFORMATION DEPOSITORIES IN ACCORDANCE WITH THE DISTRICT'S CONTINUING DISCLOSURE OF INFORMATION AGREEMENT AND AS REQUIRED BY SEC RULE 15C2-12

The Board considered approving the updated financial and operating data in accordance with the continuing disclosure agreements pursuant to SEC Rule 15c2-12. Director Ayre moved to approve the updated financial and operating data and filing of such data in accordance with the continuing disclosure agreements pursuant to SEC Rule 15c2-12. Director Cote seconded the motion, which carried by unanimous vote.

REPORT ON DRAINAGE CHANNEL MAINTENANCE

Mr. Williams reviewed a drainage channel report prepared by Champions, a copy of which is attached.

ENGINEER'S REPORT

Mr. Abshire distributed the engineer's report, a copy of which is attached, and reviewed it with the Board. He updated the Board on the expansion of the Legends Ranch Water Plant No. 2 and water well no. 3 ("No. 3"). Mr. Abshire stated that Spring Creek Utility District ("SCUD") began the pilot study of the installation of an aeration device at the ground storage tank on Monday, January 12, 2015. Mr. Abshire stated that the pilot study was suspended to allow MOC to install additional aeration diffusers on the ground storage tank to lower the time required to reduce the hydrogen sulfide levels.

STATUS OF DESIGN OF WASTEWATER TREATMENT PLANT ("WWTP")

Mr. Abshire reported that J&C is preparing the WWTP design. Mr. Abshire presented the plan for the WWTP site, showing that the site has sufficient acreage to install a reclaimed water unit in the future.

STATUS OF DESIGN OF TPDES PERMIT APPLICATION

Mr. Abshire reported that J&C is preparing the TPDES permit application.

LONG-TERM PLAN

Mr. Abshire reviewed an updated Long-Term Plan, a copy of which is included in the engineer's report.

PAY ESTIMATES, CHANGE ORDERS, AND/OR FINAL ACCEPTANCE, IF APPROPRIATE, FOR HYDROPNEUMATIC TANK NO. 3 AT WATER PLANT NO. 1

Mr. Abshire stated that the contract for water plant no. 1 improvements, including hydropneumatic tank no. 3, was awarded to Schier Construction Company, Inc., last month.

PHASE II MS4 PERMIT APPLICATION

Mr. Abshire reported that the inlet markers have arrived. The Board noted that Director Goodman agreed to coordinate with a volunteer Boy Scout group to install the markers. Mr. Austin stated that Montgomery County Municipal Utility District No. 88 requested that the Boy Scouts sign a liability waiver and the Board agreed to request a waiver of the Boy Scouts as well.

DEEDS AND EASEMENTS

Mr. Murdock reviewed the proposal for a phase one study. After discussion, Director Cote moved to authorize the phase 1 study of the pipeline area only. Director Ayre seconded the motion, which carried by unanimous vote.

OPERATOR'S REPORT

Mr. Montgomery presented and reviewed with the Board a copy of the monthly operator's report for the month. He stated that the ratio of water billed versus produced for the period from December 15, 2014, to January 14, 2015, was 95%.

Mr. Montgomery reviewed one delinquent account that is deemed not to be collectible and recommended that the Board move the account to the uncollectible roll.

After review and discussion, Director Ayre moved to approve the operator's report and to remove one delinquent account from the uncollectible roll as discussed above. Director Grant seconded the motion, which carried by unanimous vote.

Mr. Montgomery also reviewed additional information for the Water Smart Application. After discussion, Director Cote move to approve submittal of the information for the Water Smart Application. Director Veasey seconded the motion, which carried by unanimous vote.

Mr. Montgomery reported that he met with the San Jacinto River Water Authority representatives regarding rates charged for pumping ground water and supplying surface water. Mr. Montgomery reported that the Texas Commission on Environmental Quality ("TCEQ") performed the annual inspection of the water plant and issues were raised regarding the elevated storage tank variance granted by the TCEQ in 2009. Mr. Montgomery stated that he and J&C are gathering documents to send to the TCEQ. Mr.

Montgomery stated that he is getting a proposal to replace lobes at blower no. 1 at the WWTP.

Director Ayre stated that a resident using a wheelchair complained about the condition of the sidewalk in a certain area and MOC repaired the sidewalk because District facilities may have caused the issues with the sidewalk.

PROPOSAL TO CLEAN AND PAINT CINDERBLOCK WALLS AT DISTRICT FACILITIES

Mr. Montgomery stated that pressure washing of the cinderblock walls at District facilities has started.

TERMINATION OF WATER SERVICE

Mr. Montgomery next presented a list of delinquent utility service accounts. Mr. Montgomery advised the Board that all of the accounts on the list had been given written notification, in accordance with the District's Rate Order, of the opportunity to appear before the District's Board of Directors, either in person or in writing, to explain, contest, or correct their bills and to show why utility service should not be terminated for reason of nonpayment. Mr. Montgomery noted that the accounts in question had neither contacted his office nor had appeared at the Board meeting concerning their bills. Following discussion, Director Ayre moved to authorize termination of utility service to said accounts. This motion was seconded by Director Grant and carried unanimously. A copy of the list of delinquent utility service accounts is attached.

REPORT ON IMPLEMENTATION OF GROUNDWATER REDUCTION PLAN AGREEMENT

The Board did not receive a report on the groundwater reduction plan agreement.

There being no further business to come before the Board, the Board concurred to adjourn the meeting.

(SEAL)



[Handwritten Signature]

Secretary, Board of Directors

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