

MINUTES
MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 89

March 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 March, 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, thus constituting a quorum.

Also present at the meeting were: Juan Galvan of Montgomery County Municipal Utility District No. 88 ("No. 88"); Dave Ciarella of Enhanced Energy Services; Aimee Raley of Best Trash; 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 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 February 5, 2015, regular meeting. Following review and discussion, Director Ayre moved to approve the minutes of the February 5, 2015, regular meeting. The motion was seconded by Director Veasey and passed by unanimous vote.

PUBLIC COMMENTS

Mr. Ciarella reviewed the services provided by Enhanced Energy Services with the Board.

REPORT FROM BEST TRASH

Ms. Raley requested feedback on garbage collection services and the Board did not have any complaints.

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

Director Ayre distributed the information provided to the POA, a copy of which is attached. The Board deferred this item.

MAINTENANCE AGREEMENT WITH THE POA

The Board deferred this item.

REPORT FROM FINANCIAL ADVISOR ON REFUNDING BOND ISSUE

Ms. Moran reviewed the savings the District could achieve by issuing bonds to refund certain of the District's Unlimited Tax Bonds, Series 2006 and Series 2008. Ms. Moran reviewed the summary of the sources and uses of funds and a summary of the refunding structure, a copy of which is attached.

ACKNOWLEDGE DISCLOSURE LETTER PROVIDED UNDER THE MUNICIPAL SECURITIES RULEMAKING BOARD RULES

The Board acknowledged receipt of a letter to the Board regarding the services the underwriter will be providing in connection with the issuance of the proposed refunding bonds as required by Municipal Securities Rulemaking Board Rule G-17. Following review and discussion, Director Cote moved to acknowledge the underwriter's letter and to authorize execution of the letter. Director Veasey seconded the motion, which was approved by unanimous vote.

AUTHORIZE REQUEST FOR CERTIFICATE OF ASSESSED VALUE AS OF JANUARY 1 FROM THE APPRAISAL DISTRICT

After discussion, Director Cote moved to authorize Mike Arterburn to request the Certificate of Assessed Value. Director Veasey seconded the motion, which carried by unanimous vote.

PRELIMINARY OFFICIAL STATEMENT

The Board considered approving the Preliminary Official Statement for the District's sale of refunding bonds ("Refunding Bonds"). Ms. Moran reviewed a draft of the Preliminary Official Statement in detail. Upon a motion made by Director Cote and seconded by Director Veasey, the Board voted unanimously to approve the Preliminary Official Statement, subject to final revision.

DESIGNATE UNDERWRITERS

The Board considered selecting underwriters to purchase the Refunding Bonds. Ms. Moran recommended that the Board select SAMCO Capital Markets, Inc., to serve as underwriters for the sale of the Refunding Bonds. Upon a motion made by Director Cote and seconded by Director Veasey, the Board voted unanimously to contract with SAMCO Capital Markets, Inc., to serve as underwriters for the District's Refunding Bond sale, subject to execution of a written agreement.

APPOINTMENT OF PAYING AGENT/REGISTRAR AND ESCROW AGENT

The Board considered appointing a Paying Agent/Registrar and Escrow Agent for the District's Refunding Bonds. After discussion, Director Cote moved that the Board appoint The Bank of New York Mellon Trust Company, N.A., as the Paying Agent and Escrow Agent for the Refunding Bonds. The motion was seconded by Director Veasey and carried by unanimous vote.

ADOPT RESOLUTION AUTHORIZING ISSUANCE OF THE DISTRICT'S REFUNDING BONDS, SERIES 2015 AND AUTHORIZE THE BOARD OF DIRECTORS TO SIGN ALL DOCUMENTS RELATING TO THE SALE OF THE BONDS

The Board considered adopting a Resolution Authorizing the Issuance of the District's Refunding Bonds, Series 2015 ("Resolution"). Mr. Austin stated that the Board may delegate to one or more director(s) the authority to approve and execute documents for a refunding bond sale if the Board establishes a maximum principal amount of refunding bonds and the minimum present value savings in debt service payable by the District, and determines the public purpose for which the refunding bonds are to be issued. After discussion, Director Cote moved to adopt the Resolution, which delegates authority to Director Grant, and Director Veasey as a back-up, to select the specific maturities or series of the District's outstanding bonds to be refunded and to effect the sale of the Refunding Bonds, and authorize the Board of Directors to sign all documents including the execution of the Bond Purchase Agreement, the Resolution Authorizing the Issuance of the Bonds, the Escrow Agreement, the Paying Agent/Registrar Agreement, and any other necessary documents, so long as the Refunded Bonds achieve a minimum net present value savings in debt service of 4% and do not exceed a maximum par amount of \$10,000,000. Director Veasey seconded the motion, which carried unanimously.

AUTHORIZE THE DISTRICT'S ATTORNEY AND THE UNDERWRITER TO TAKE ALL NECESSARY ACTION IN CONNECTION WITH THE ISSUANCE OF THE DISTRICT'S REFUNDING BONDS, SERIES 2015

Mr. Austin explained that it will be necessary for the attorney to submit a transcript of the Bond proceedings to the Attorney General of Texas for approval. He added that the attorney also will take all necessary action in connection with the closing and delivery of

the Bonds to the underwriter. After discussion, Director Cote moved to authorize the District's attorney and the underwriter to take all necessary action in connection with the issuance of the District's Refunding Bonds, Series 2015. Director Veasey seconded the motion, which carried by unanimous vote.

EXECUTION OF CERTIFICATE REGARDING PROVISION OF FINANCIAL ADVICE

Mr. Austin presented and reviewed with the Board a Certificate Regarding Provision of Financial Advice (the "Certificate"). After review and discussion, Director Cote moved to authorize execution of the Certificate and direct that it be filed appropriately and retained in the District's official records. Director Veasey seconded the motion, which passed by unanimous vote.

APPROVE CHECK TO THE ATTORNEY GENERAL RELATING TO BOND ISSUE TRANSCRIPT REVIEW

Mr. Austin stated that the Attorney General charges 1% of the par amount of the refunding bonds to review the bond transcript. Mr. Austin stated that a blank check payable to the Attorney General is being presented for signature and the amount will be filled in when the par amount of the refunding bonds is determined. After discussion, Director Cote moved to approve the check to the Attorney General. Director Veasey seconded the motion, which carried 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 Cote moved to approve the bookkeeper's report, the tax account report, and the checks presented for payment. Director Veasey seconded the motion, which carried by unanimous vote. The report is attached.

RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

Mr. Austin reviewed the Resolution Concerning Exemptions from Taxation rejecting all exemptions. After discussion, the Board deferred this item and requested that Ms. Moran provide information at the next meeting on the effect of granting exemptions.

REPORT ON DRAINAGE CHANNEL MAINTENANCE

Mr. Williams reviewed a drainage channel report prepared by Champions, a copy of which is attached. The Board discussed the condemnation proceedings involving No. 88 and construction of the Grand Parkway.

DEEDS AND EASEMENTS

Mr. Austin reviewed title reports for the tracts of land under consideration to be conveyed to the District. Mr. Austin stated that two tracts, including the pipeline, do not have metes and bounds descriptions, and that Land Tejas has not yet decided if it will convey the tract next to lift station no. 2 to the District. Mr. Murdock stated that KB Homes agreed to convey title to the District for the tracts it owns in the District. The Board noted that the ownership of the exterior of the District along Birnam Woods and Elan Boulevard and the drill site are not yet known. Mr. Murdock suggested that the KB pipeline area be surveyed and conveyed as a reserve conveyed with reference to the existing reserve save and except the position of such reserve that is not on the pipeline.

After discussion, Director Veasey moved to authorize a survey of the pipeline area and to convey the pipeline area reserve as described. Director Ayre seconded the motion, which carried by unanimous vote.

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 J&C is preparing two options for the permanent aeration equipment for Spring Creek Utility District ("SCUD") to consider to reduce the hydrogen sulfide levels at No. 3. Mr. Abshire stated that after SCUD chooses an option, a demonstration will be given for No. 88 and the District. Mr. Montgomery suggested that each district appoint two directors to attend a joint meeting to view the aeration process. The Board agreed to appoint Directors Veasey and Goodman to attend the meeting.

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

Mr. Abshire reported that J&C is preparing the WWTP design. Mr. Abshire stated that J&C will meet with Mr. Montgomery to review the WWTP plans and the Board agreed to appoint Directors Goodman and Ayre to attend the meeting also.

ADOPT RESOLUTION EXPRESSING INTENT TO REIMBURSE OPERATING FUND FROM BOND PROCEEDS

The Board deferred this item.

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 pre-construction meeting was held with Schier Construction Company, Inc., for water plant no. 1 improvements, including hydropneumatic tank no. 3, and the notice to proceed was issued. Director Ayre requested that the tank not be painted blue.

PHASE II MS4 PERMIT APPLICATION

Mr. Abshire reported that the inlet markers have arrived. Director Goodman stated that he contacted several Boy Scout groups to install the markers and has not gotten a response.

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 January 14, to February 13, 2015, was 97%.

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.

Mr. Montgomery reviewed three proposals for smoke testing the sanitary sewer lines, a copy of which are attached.

After review and discussion, Director Veasey moved to approve the operator's report, to remove one delinquent account from the uncollectible roll as discussed above, and to accept the proposal from Source Point Solutions to smoke test the sanitary sewer lines. Director Grant seconded the motion, which carried by unanimous vote.

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 Veasey 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.

APPROVE ANNUAL REPORT ON IMPLEMENTATION OF WATER CONSERVATION PLAN

Mr. Austin stated that ABHR is coordinating the review of the District's Water Conservation Plan and Drought Contingency Plan to conform to the San Jacinto River Authority's plans and will provide additional information next month.

CONDUCT ANNUAL REVIEW OF THE DROUGHT CONTINGENCY PLAN

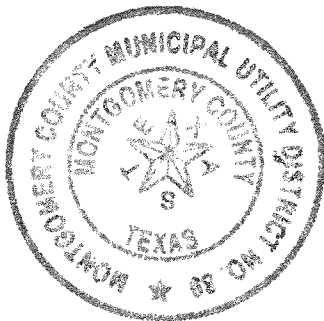
The Board deferred this item.

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

(SEAL)



Secretary, Board of Directors



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