

MINUTES
MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 89

April 2, 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 2nd day of April, 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 Ayre, thus constituting a quorum.

Also present at the meeting were: Jonathan Roach of The Law Firm of Jonathan A. Roach PLLC; Peyo Rubio, 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 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 March 5, 2015, regular meeting. Following review and discussion, Director Veasey moved to approve the minutes of the March 5, 2015, regular meeting. The motion was seconded by Director Goodman and passed by unanimous vote.

PRESENTATION OF THE PROPOSED CREATION OF THE GRAND OAKS IMPROVEMENT DISTRICT

Mr. Roach presented information on the proposed creation of Grand Oaks Improvement District, a copy of which is attached. Mr. Roach stated that the proposed improvement district would benefit residents in the 77386 zip code.

REPORT ON REFUNDING BOND ISSUE

Ms. Moran reported that the refunding bonds achieved a \$1,005,843 savings in debt service payments and reviewed a summary of the refunding results, a copy of which is attached.

RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

Ms. Moran reviewed an Over 65 and Disabled Tax Exemption Analysis and a Homestead Exemption Analysis, a copy of which is attached. After discussion, Director Veasey moved to adopt the Resolution Concerning Exemptions from Taxation granting a \$10,000 exemption from ad valorem taxation of the appraised value of residence homesteads of individuals who are disabled or are sixty-five years of age or older. Director Goodman seconded the motion, which carried by unanimous vote.

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

Mr. Brown provided Director Grant with POA financial information. Mr. Brown reviewed the POA's request for the District to fund streetlights and lake maintenance. Mr. Austin reviewed the District's responsibilities for lake maintenance, stating that the District is only responsible to maintain the lakes so that the detention facility functions properly and does not have any responsibility for lake amenities. The Board agreed that if the District provides funding, it should be involved in procuring contractors, but the District does not want to manage the contracts. Mr. Moulin requested that the District fund the contract with Lake Pro in the amount of \$23,000 per year. After discussion, Director Veasey moved to fund \$11,000 of the contract with Lake Pro for lake maintenance. Director Goodman seconded the motion, which carried by unanimous vote.

Mr. Brown discussed funding the streetlights and stated that the streetlight electricity contract costs approximately \$75,000 per year. The Board agreed to defer a decision on funding the streetlights at this time and to discuss it when preparing the budget for the fiscal year ending August 31, 2016.

Mr. Austin noted that the District is required to provide the same services to all residents in the District and has not heard from the homeowners association serving Legends Ranch Sections 10 and 11 (the "HOA"). Mr. Brown stated that he contacted the HOA, but has not heard back.

MAINTENANCE AGREEMENT WITH THE POA

The Board deferred this item.

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 February 13, to March 16, 2015, was 98%.

After review and discussion, Director Veasey moved to approve the operator's report. Director Goodman 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 Goodman and carried unanimously. A copy of the list of delinquent utility service accounts is attached.

REPORT ON DRAINAGE CHANNEL MAINTENANCE

Mr. Williams reviewed a drainage channel report prepared by Champions, a copy of which is attached. Mr. Williams noted areas that are holding water and the Board agreed to defer repair to these areas until the wastewater treatment plant has been constructed.

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 Goodman seconded the motion, which carried by unanimous vote. The report 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 a joint meeting was held with Montgomery County Municipal Utility District No. 88 and Spring Creek Utility District ("SCUD") to conduct a demonstration of the aeration process. Mr. Abshire stated that Directors Veasey and Goodman attended on behalf of the District. Mr. Abshire

reported that MOC ran the pilot aeration system for a period of one hour and 45 minutes and reviewed information on the testing and samples, noting that a reduction in odor was evident as the aeration process occurred.

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

Mr. Abshire reviewed notes from a meeting with Mr. Montgomery and Directors Goodman and Ayre to review the WWTP plans, a copy of which is attached. Mr. Abshire stated that J&C will investigate adding security options to the WWTP. Mr. Abshire also discussed buying one of the existing clarifiers to have as a backup, installing a building to house the electrical panel, and options for the road base material.

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 the TPDES permit application is ready to submit to the Texas Commission on Environmental Quality ("TCEQ"). After discussion, Director Cote moved to authorize submittal of the TPDES permit application to the TCEQ. Director Goodman seconded the motion, which carried by unanimous vote.

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 Schier Construction Company, Inc., began construction of water plant no. 1 improvements, including hydropneumatic tank no. 3.

PHASE II MS4 PERMIT APPLICATION

Mr. Abshire reported that the inlet markers have arrived.

DEEDS AND EASEMENTS

Mr. Austin reported on the tracts of land under consideration to be conveyed to the District. Mr. Abshire presented a map showing title to the tracts. The Board agreed to accept conveyance of the pipeline and authorized J&C to prepare a metes and bounds description.

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 MOC will submit the Annual Water Conservation Plan report to the Texas Water Development Board. Mr. Austin also stated that ABHR reviewed the WCP and confirmed that it conforms to the San Jacinto River Authority's WCP and no changes are necessary.

CONDUCT ANNUAL REVIEW OF THE DROUGHT CONTINGENCY PLAN

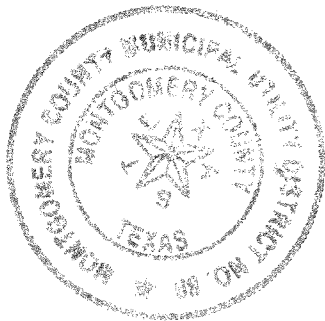
Mr. Austin reviewed an Amended and Restated Drought Contingency Plan ("DCP"), revised to conform to the San Jacinto River Authority's plan. After discussion, Director Goodman moved to adopt the Amended DCP. Director Cote seconded the motion, which carried by unanimous vote.

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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