

MINUTES  
MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 89

May 7, 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 7th day of May, 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: Sebastien Moulin of the Legends Ranch Property Owners Association ("POA"); 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 April 2, 2015, regular meeting. Mr. Moulin requested a revision to the minutes. Following review and discussion, Director Veasey moved to approve the minutes of the April 2, 2015, regular meeting, as revised. The motion was seconded by Director Goodman and passed by unanimous vote.

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

The Board agreed that this item can be removed from the agenda.

Mr. Moulin stated that the POA has several requests to the District. (1) The POA requests that the District install a sidewalk from Lake 3 to the street and presented a proposal in the amount of \$3,300.00, a copy of which is attached. Mr. Moulin stated that the POA will fund installation of a sidewalk to tie into the existing trail system. Mr. Montgomery stated that he will check the area for District facilities. (2) The POA requests that the District fund additional security patrols. (3) The POA requests that the District

<sup>ADD</sup>  
replace the water fountain in Lake 1. Mr. Moulin stated that the water in Lake 1 is stagnant and collects debris and that a water fountain will cost approximately \$13,000. Mr. Moulin stated that the POA will maintain the fountain and pay for the electricity usage. Mr. Montgomery agreed to check the storm drains to confirm that the water is flowing through the lake system properly.

#### 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.

#### TRAVEL REIMBURSEMENT GUIDELINES AND DIRECTOR EXPENSES FOR THE ASSOCIATION OF WATER BOARD DIRECTORS SUMMER CONFERENCE

Mr. Austin reviewed the District's Travel Reimbursement Guidelines previously adopted by the Board for the Association of Water Board Directors summer conference.

#### REPORT ON DRAINAGE CHANNEL MAINTENANCE

Mr. Williams reviewed a drainage channel report prepared by Champions, a copy of which is attached. Mr. Williams reported that the Walmart construction in Montgomery County Municipal Utility District No. 88 ("No. 88") is causing erosion of the drainage channel. Director Cote noted that the District pays a significant percentage of the drainage channel maintenance. The Board discussed the pro rata share of the drainage channel maintenance and Mr. Abshire stated that he will provide a copy of the drainage channel agreement for the Board's review at the next meeting. Mr. Austin also noted that Spring Creek Utility District ("SCUD") received funds from a condemnation proceeding that should be used for the drainage channel and he will request an accounting of the condemnation funds.

#### 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 the pilot aeration system successfully reduced odor issues and the next step is for SCUD to proceed with design of the permanent aeration system.

#### AMENDMENT TO WASTEWATER FACILITIES LEASE AGREEMENT

Mr. Abshire reported that J&C met with Carl Baker, of the AUC Group, to discuss the options for extending the wastewater treatment plant facilities ("WWTP") lease

agreement past the current termination date of October, 2015. Mr. Austin reviewed an Amendment to the Lease Agreement extending the lease agreement until October of 2016, with the option to extend the agreement on a month to month basis afterwards at a cost of \$22,475 per month. After discussion, Director Veasey moved to approve the Amendment to the Lease Agreement. Director Goodman seconded the motion, which carried by unanimous vote. Mr. Abshire reported that J&C inquired about purchasing one of the existing clarifiers from the AUC Group as a backup but AUC's asking price was not economical, especially considering that the clarifier also needs rehabilitation.

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

Mr. Abshire reported that J&C is preparing the plans for the permanent WWTP. Mr. Abshire reviewed cost estimates for three building options to house the electrical panel, a copy of which is included in the engineer's report. Mr. Abshire agreed to include the building options as alternate bid items. The Board requested that J&C provide a running total of the engineering fees to date related to the WWTP design.

#### ADOPT RESOLUTION EXPRESSING INTENT TO REIMBURSE OPERATING FUND FROM BOND PROCEEDS

After discussion, Director Veasey moved to adopt the Resolution Expressing Intent to Reimburse Operating Fund from Bond Proceeds for construction of the permanent WWTP. Director Goodman seconded the motion, which carried by unanimous vote.

#### STATUS OF TPDES PERMIT APPLICATION

Mr. Abshire reported that the TPDES permit application was submitted to the Texas Commission on Environmental Quality ("TCEQ") on April 6, 2015.

#### 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., did not submit any pay estimates for construction of water plant no. 1 improvements, including hydropneumatic tank no. 3.

#### PHASE II MS4 PERMIT APPLICATION

Mr. Abshire reported that J&C will hold the necessary training sessions on items related to the MS4 Permit and Mr. Montgomery plans to attend the training.

## DEEDS AND EASEMENTS

The Board did not receive any deeds or easements for review.

## 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 March 16, 2015, to April 15, 2015 was 97%.

Mr. Montgomery reviewed a list of delinquent accounts that are deemed to not be collectible, a copy of which is attached, and recommended removing the accounts from the accounts receivable ledger. Mr. Montgomery reviewed a letter from the San Jacinto River Authority ("SJRA") stating that the SJRA will review its Rate Order at its May 28, 2015, meeting, and he anticipates the SJRA will increase the water rates. A copy of the letter from the SJRA is attached. Mr. Austin reviewed a letter from the President of River Plantation Municipal Utility District ("River Plantation") regarding a coalition that was formed to take a proactive stance in the formation of water policy when dealing with the Lone Star Ground Water District, a copy of which is attached. Director Cote stated that the Mayor of the City of Conroe will address the Rayford Road Civic Association at its June 4, 2015, meeting and will discuss issues related to the coalition.

After review and discussion, Director Cote moved to approve the operator's report and to remove the delinquent accounts discussed above from the accounts receivable ledger. Director Ayre 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 Cote moved to authorize termination of utility service to said accounts. This motion was seconded by Director Ayre and carried unanimously. A copy of the list of delinquent utility service accounts is attached.

## CRITICAL LOAD SPREADSHEET FOR DISTRICT'S FACILITIES

The Board reviewed a list of District facilities so that any updated information can be provided to the proper governmental authorities to include in the critical load registry. The engineer, operator, and bookkeeper confirmed that the information on the Critical Load List is correct.

APPROVE CONSUMER CONFIDENCE REPORT

The Board next considered approving the District's Consumer Confidence Report ("CCR") for the year 2014. After discussion, Director Cote moved to approve the 2014 CCR to be posted to the MOC website for residents to view and to authorize MOC to certify filing the CCR with the TCEQ by July 1, 2015. Director Ayre seconded the motion, which passed by unanimous vote.

REPORT ON IMPLEMENTATION OF GROUNDWATER REDUCTION PLAN AGREEMENT

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

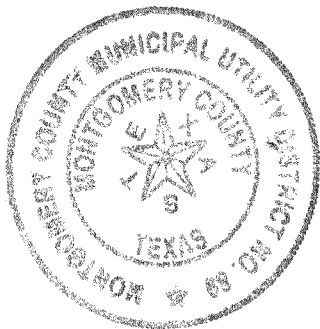
OTHER MATTERS

Mr. Austin reviewed a letter from Montgomery Central Appraisal District ("MCAD"), a copy of which is attached. Mr. Austin stated that MCAD submitted information regarding the election of the MCAD Board of Directors selection process for the 2016-2017 term. The Board agreed to submit Director Grant's name as a candidate for the Board of Directors.

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

(SEAL)

Asst,   
Secretary, Board of Directors



LIST OF ATTACHMENTS TO MINUTES

|   | Minutes     |
|---|-------------|
|   | <u>Page</u> |
| proposal to install sidewalk from Lake 3 to the street .....                  | 1           |
| Bookkeeper's and tax account report .....                                     | 2           |
| Travel Reimbursement Guidelines .....   | 2           |
| Report on the drainage channel .....  | 2           |
| Engineer's report .....   | 2           |
| Monthly operator's report.....  | 4           |
| list of delinquent accounts that are deemed to not be collectible.....        | 4           |
| letter from the President of River Plantation Municipal Utility District..... | 4           |
| List of delinquent utility service accounts .....                             | 4           |
| letter from Montgomery Central Appraisal District .....                       | 5           |