

MINUTES
MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 89

January 8, 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 8th day of January, 2015, at Municipal Operations & Consulting, Inc., 312 Spring Hill Drive, Suite 100, Spring, TX 77386, 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 Veasey, thus constituting a quorum.

Also present at the meeting were: Jonathan Roach and Frank Mitchell of the Law Firm of Jonathan A. Roach, PLLC; Martin Murdock and Justin Abshire of Jones & Carter, Inc. ("J&C"); John Montgomery of Municipal Operations & Consulting, Inc. ("MOC"); 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 December 4, 2014, regular meeting. Following review and discussion, Director Goodman moved to approve the minutes of the December 4, 2014, regular meeting. The motion was seconded by Director Ayre and passed by unanimous vote.

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

The Board reviewed an email from the POA. After discussion, Director Ayre agreed to compose a letter to the POA with a list of items and information that the Board would like to review before considering the POA's requests. Director Cote discussed maintenance of the exterior area on Elan Boulevard and Birnam Woods from the cinderblock wall to the street, which is owned by the POA. Mr. Austin stated 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. The Board directed Mr. Austin

to reply to Land Tejas that the District would like to own all of the property, including the tract by lift station no. 2. The Board discussed a maintenance agreement with the POA and possibly subsidizing certain expenses.

BOOKKEEPER'S AND TAX ACCOUNT REPORT

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

ACCEPT ANNUAL DISCLOSURE STATEMENTS OF THE BOOKKEEPER AND INVESTMENT OFFICER

Mr. Austin explained that the annual disclosure statements required by the Public Funds Investment Act disclose relationships between the District's Investment Officer and bookkeeper with entities or individuals who are offering, have offered, or may offer to engage in an investment transaction with the District. He also explained that the statements would be filed in the District's permanent records and with the Texas Ethics Commission. Following discussion, Director Goodman moved to accept the disclosure statements and authorize filing of the disclosure statements with the Texas Ethics Commission. Director Cote seconded the motion, which carried unanimously.

ANNUAL REPORT REGARDING POST-ISSUANCE COMPLIANCE POLICY

Mr. Austin reported on the District's compliance activities during the prior calendar year related to bond financings. Mr. Austin stated that no corrective action is required at this time.

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 J&C presented five options and SCUD decided to pursue a pilot study of the installation of an aeration device at the ground storage tank. Mr. Abshire stated that the pilot study will begin on Monday, January 12, 2015, and continue for 30 days. Mr. Abshire stated that the study will determine the effect of the aeration process on the hydrogen sulfide levels.

Mr. Abshire reviewed performance testing reports from G-M Services on the joint water wells, copies of which are included in the engineer's report. Mr. Abshire reported that the capacity in water well no. 1 is dropping and recommended performing a water well re-work after water well no. 3 is on-line. Mr. Abshire reported that water well no. 2 is in good shape.

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

Mr. Abshire reported that J&C is preparing the WWTP design. Director Cote requested confirmation that a reclaimed water unit may be installed at the site in the future and Mr. Abshire stated that he will confirm that the WWTP plans include an area for a reclaimed water unit.

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.

REVIEW BIDS AND AWARD CONTRACT FOR HYDROPNEUMATIC TANK NO. 3 AT WATER PLANT NO. 1

Mr. Abshire reviewed the tabulation of bids received by the District for water plant no. 1 improvements, including hydropneumatic tank no. 3, and recommended that the Board accept the low bid from Schier Construction Company, Inc., in the amount of \$187,800.00 for the base bid and alternate bid. The Board agreed that award of the contract to Schier Construction Company, Inc., will be most advantageous to the District and will result in the best and most economical completion of the District's facilities. After discussion, Director Cote moved to accept the low bid submitted by Schier Construction Company, Inc., and that the contract be awarded to said contractor, based on the engineer's recommendation. Director Ayre seconded the motion, which carried unanimously.

PHASE II MS4 PERMIT APPLICATION

Mr. Abshire reported that the inlet markers are almost ready to be installed. The Board discussed contacting a Boy Scout or Girl Scout group to install the markers and Director Goodman agreed to coordinate the volunteer effort.

DEEDS AND EASEMENTS

The Board agreed that this item had already been discussed.

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 November 14, to December 15, 2014, was 96%.

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 Goodman moved to approve the operator's report. Director Cote seconded the motion, which carried by unanimous vote.

PROPOSAL TO CLEAN AND PAINT CINDERBLOCK WALLS AT DISTRICT FACILITIES

Mr. Montgomery reviewed photographs of the cinderblock walls at District facilities, copies of which are included in the operator's report. Mr. Montgomery stated that the cost to repair the gate area and pressure wash the walls in the photographs is \$1,450.00. Director Cote discussed pressure washing all of the walls. After discussion, Director Cote moved to pressure wash the walls in the photographs and two additional walls in an amount not to exceed \$3,000. 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 Goodman moved to authorize termination of utility service to said accounts. This motion was seconded by Director Cote and carried unanimously. A copy of the list of delinquent utility service accounts is attached.

REPORT ON IMPLEMENTATION OF GROUNDWATER REDUCTION PLAN AGREEMENT

Mr. Austin reviewed correspondence from Lone Star Groundwater conservation District regarding submittal of a ballot for the appointment of a director position that

expires on January 31, 2015. After discussion, Director Cote moved to appoint Rick Moffatt and submit the ballot. Director Goodman 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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