

MINUTES  
MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 89

July 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 July, 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: 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 June 4, 2015, regular meeting. Director Ayre requested a revision to the minutes. Following review and discussion, Director Ayre moved to approve the minutes of the June 4, 2015, regular meeting, as revised. The motion was seconded by Director Goodman and passed by unanimous vote.

DISCUSS SIDEWALK AND SECURITY PATROL

The Board discussed security issues in the District. Mr. Montgomery reviewed an email and photographs from the Legends Ranch Property Owners Association ("POA") management company requesting sidewalk repairs at several locations. A copy of the email and photographs are attached. Mr. Montgomery stated that District facilities did not cause the sidewalks to sink. The Board discussed faulty information being distributed by the POA to residents about the District's responsibilities and stated that the District is not generally responsible for sidewalk repairs and any future requests will be considered on a case-by-case basis. The POA was encouraged to work with other community associations to maximize security patrols. After discussion, the Board requested that ABHR respond to

the POA Board addressing the sidewalk issues, include information on the District's legal duties and responsibilities, and request that any future requests be presented from the POA attorney to Mr. Austin. The Board also agreed that the POA should not directly contact Mr. Montgomery, but should first contact any of the District's Board members, noting that Directors Veasey and Grant are designated as the District's representatives for POA issues.

ENGAGE AUDITOR TO CONDUCT AUDIT FOR FISCAL YEAR END AUGUST 31, 2015

The Board deferred this item and requested that the auditor attend the next meeting.

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 Goodman 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.

BUDGET FOR THE FISCAL YEAR END AUGUST 31, 2016

Ms. Garcia reviewed a draft budget for the District's August 31, 2016, fiscal year end and the Board agreed to review the budget again at the August meeting.

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

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

DISCUSS 2015 TAX RATE, SET PUBLIC HEARING DATE, AND AUTHORIZE NOTICE OF PUBLIC HEARING REGARDING ADOPTION OF TAX RATE

The Board deferred this item.

REPORT ON DRAINAGE CHANNEL MAINTENANCE

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

## PROPOSAL TO MAINTAIN THE PERIMETER AREA ALONG ELAN BOULEVARD

Mr. Williams reviewed a proposal to maintain the area along Elan Boulevard owned by the District (the "Perimeter Area") in the amount of \$3,600 per year, mowing the area every other month. The Board reviewed a proposal from Jeffus Unlimited, Inc., to maintain the Perimeter Area in the amount of \$8,000 per year. Mr. Austin reported that he sent a letter to Montgomery County requesting that the County maintain the Perimeter Area and has not received a response. Discussion ensued as to which entity is responsible for mowing the Perimeter Area, and the majority of the Board agreed that the District is not responsible for mowing the Perimeter Area. Director Cote stated that Montgomery County Municipal Utility District No. 88's ("No. 88") Homeowners Association complained to the POA about maintenance of the Perimeter Area. The Board discussed the POA maintaining the Perimeter Area.

## 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") authorized J&C to begin design of the permanent aeration system for No. 3. The Board discussed metering the water from No. 3 to account for the water used by each district and noted that the District is currently paying all of No. 3's expenses. The Board requested an allocation of the water usage and that SCUD be billed for electricity costs and the San Jacinto River Authority's fees.

Mr. Abshire reviewed the GM Services report on the water wells, a copy of which is included in the engineer's report. Mr. Abshire stated that water well no. 1 is anticipated to need a re-work in 2016.

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

Mr. Abshire reported that J&C is preparing the plans for the permanent WWTP. Mr. Abshire stated that the final plans are contingent on receipt of the TPDES Permit approval.

## STATUS OF TPDES PERMIT APPLICATION

Mr. Abshire reported that the TPDES permit application is under review by the Texas Commission on Environmental Quality ("TCEQ").

## 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 reviewed and recommended that the Board approve Pay Estimate No. 1 in the amount of \$23,940.00 to Schier Construction Company, Inc., for construction of water plant no. 1 improvements, including hydropneumatic tank no. 3. After discussion, Director Grant moved to approve Pay Estimate No. 1 to Schier Construction Company, Inc., for construction of water plant no. 1 improvements, including hydropneumatic tank no. 3, based on the engineer's recommendation. Director Veasey seconded the motion, which carried by unanimous vote.

PHASE II MS4 PERMIT APPLICATION

Mr. Abshire stated that the District does not yet have anyone scheduled to install the inlet markers for the MS4 Permit. After discussion, Director Grant moved to authorize payment of \$5.00 per installation of each inlet marker. Director Veasey seconded the motion, which carried by unanimous vote.

DEEDS AND EASEMENTS

Mr. Austin stated that ABHR received the metes and bounds description for the Land Tejas tract of the pipeline easement area and ordered title work.

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 May 15, to June 15, 2015, was 97%.

Mr. Montgomery reviewed a list of delinquent accounts that are deemed to not be collectible and recommended removing the accounts from the accounts receivable list.

Mr. Montgomery reviewed photographs of a concrete fence from which graffiti was removed by pressure washing and noted that the fence had previously been painted with special paint. The Board agreed to authorize MOC to power wash any of the District's facilities that contain graffiti immediately and notify the Board afterwards.

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

LAKE MAINTENANCE

The Board did not have any discussion of this item.

RESOLUTION NOMINATING CANDIDATE FOR APPOINTMENT TO THE SAN JACINTO RIVER AUTHORITY GROUNDWATER REDUCTION PLAN CONTRACT REVIEW COMMITTEE

After discussion, Director Cote moved to adopt the Resolution Nominating a Candidate for Appointment to the San Jacinto River Authority Groundwater Reduction Plan Contract Review Committee, nominating Director Grant. Director Goodman seconded the motion, which carried by unanimous vote.

REPORT ON IMPLEMENTATION OF GROUNDWATER REDUCTION PLAN AGREEMENT

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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