

MINUTES
MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 89

December 3, 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 3rd day of December, 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	Assistant Vice President
Shawn Goodman	Assistant Secretary

and all of the above were present, thus constituting a quorum.

Also present at the meeting were Jill Henze of Breedlove & Co., P.C.; 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 and Stacey Wagner of Champions Hydro-Lawn, Inc. ("Champions"); Bredawn Riley, a resident of the District; and Tim Austin and Cathy Campbell of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board reviewed the minutes of the November 12, 2015, regular meeting. Following review and discussion, Director Ayre moved to approve the minutes of the November 12, 2015, minutes as presented. The motion was seconded by Director Veasey and passed 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. Copies of the bookkeeper's report and tax account report are attached.

The Board discussed the District's Joint Facilities budgeted costs for the fiscal year ending August 31, 2016, including the actual month to date San Jacinto River Authority ("SJRA") Groundwater Reduction Plan fees. Ms. Garcia stated that the budget presented last month included the September and October payments to the SJRA.

Director Cote noted that Montgomery County Municipal Utility District No. 88 ("No. 88") is using more water but is still paying the same percentage of ownership in the Water Plant Facilities. Mr. Abshire reported that Spring Creek Utility District's ("SCUD") engineer has not yet completed the reallocation of water capacity in the facilities and this issue will be addressed with the reallocation. Director Grant requested that Mr. Montgomery provide the amount of water usage for the District for the last two years.

After discussion, Director Cote moved to approve the bookkeeper's report. Director Ayre seconded the motion, which carried by unanimous vote.

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

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

APPROVE AUDIT FOR THE FISCAL YEAR ENDING AUGUST 31, 2015

Ms. Henze reviewed the audit for the fiscal year ending August 31, 2015, with the Board. Ms. Henze noted that the Refunding Bonds, Series 2015, resulted in reduced debt service payments of \$1,005,843 over the life of the bonds. Director Grant suggested that the Board prepare a list of items accomplished by the Board and this reduction in debt service payments could be included. Director Cote suggested inserting the information in the water bills. Director Cote noted that the Legends Ranch Property Owners Association ("POA") increased its homeowner's fees for the coming year and are notifying residents that the increase is due in part because the District is not paying for services.

Director Grant also requested information that compares the District's water and sewer rates to neighboring districts. Director Cote and Mr. Montgomery stated that they can provide information to the Board.

Director Veasey discussed the storm water facilities and noted that the District's pro rata share of the storm water facilities is 47.8%. Director Veasey also noted that SCUD is currently experiencing significant construction, including a Walmart, and the additional construction has increased the amount of drainage and silt build-up that SCUD is contributing to the facilities. Mr. Murdock stated that SCUD's engineers will adjust the capacity percentage when the Walmart construction is complete.

Mr. Austin stated that a resident, Peyo Rubio, requested information on the reimbursements made to the directors and that ABHR provided that information under the Texas Open Records Act.

After discussion, Director Ayre moved to approve the audit for the fiscal year ending August 31, 2015. Director Cote seconded the motion, which carried by unanimous vote.

REPORT ON DRAINAGE CHANNEL MAINTENANCE

Mr. Williams introduced Ms. Wagner and then presented and reviewed a Detention and Drainage Facilities Report, a copy of which is attached. He reported that reconnaissance was performed in the District and that all of the Legends Detention and Drainage facilities are in good shape. Mr. Williams reviewed a photograph of an area containing stabilized sand and recommended that the sand be removed and backfilled at an estimated cost of \$4,875.00. Mr. Williams also reported that the lateral channel needs to be desilted. The Board requested that Mr. Williams provide a proposal to de-silt the lateral channel and present the proposal to remove the area with stabilized sand for the next meeting.

ENGINEER'S REPORT

Mr. Abshire presented and reviewed with the Board the engineer's report, a copy of which is attached. He reported that SCUD awarded the contract for the water plant no. 3 aeration system to Gemini Contracting Services, Inc., and the project is scheduled to be complete in April of 2016.

Mr. Abshire reported that Lance Malmgren purchased an 1.5 acre tract on Aldine Westfield in the District and engaged J&C to perform a drainage analysis, which concluded that the District has sufficient drainage capacity to serve the development. Mr. Abshire stated that he will email the drainage analysis to the directors.

STATUS OF TPDES PERMIT APPLICATION

Mr. Abshire reported that the Texas Commission on Environmental Quality ("TCEQ") issued the final TPDES discharge permit.

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

Mr. Abshire requested that the Board approve the plans and specifications and authorize advertisement for bids for the WWTP. Mr. Abshire stated that J&C will submit the plans to the governmental agencies for approval now that the TPDES permit has been approved. After discussion, Director Cote moved to approve the plans and specifications and authorize advertisement for bids for the WWTP. Director Goodman seconded the motion, which carried by unanimous vote. Mr. Abshire stated that the plans will be advertised in January.

LONG-TERM PLAN

Mr. Abshire reviewed with the Board an updated Long-Term Plan, a copy of which is included in the engineer's report.

PHASE II MS4 PERMIT APPLICATION

Mr. Abshire reported that J&C commenced with administration services in accordance with Permit Year Two of the Storm Water Management Program ("SWMMP").

DEEDS AND EASEMENTS

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

REPORT ON BOND APPLICATION NO. 8 INCLUDING ADOPT RESOLUTION AUTHORIZING APPLICATION TO THE TCEQ

Mr. Abshire reported that J&C addressed all consultant comments on Bond Application no. 8 (the "Application"). He stated that the Application will be submitted to the TCEQ for review after the governmental agencies approve the WWTP plans.

Ms. Moran reviewed a draft schedule for submitting and receiving approval of the bond application to assure that the bonds are approved prior to pay estimates becoming due for payment for the WWTP construction. Director Cote requested information on ABHR's bond counsel fee.

REVIEW SMOKE TESTING RESULTS AND PROPOSALS FOR REPAIRS

Mr. Abshire stated that the smoke testing revealed that the system is in good shape. Mr. Abshire reported that one illegal connection was found from a yard drain into the storm sewer system. Mr. Abshire reported that approximately 100 cleanouts need to have the caps replaced, which is a resident responsibility. Mr. Abshire recommended providing notice to the residents that their cleanout caps need to be replaced within 10 days and if not replaced within that time period, then MOC will replace the caps and backcharge the resident. Mr. Abshire stated that leaks are indicated in approximately 24 manholes and some manholes do not have inflow protection.

After discussion, Director Goodman moved to repair the 24 manholes with leaks, send letters in January to the approximately 100 residents that need to replace the cleanout caps, as discussed above, including the resident with the illegal connection, and install inflow protection on the manholes designated by J&C. Director Ayre seconded the motion, which carried by unanimous vote.

OPERATOR'S REPORT

Mr. Montgomery presented and reviewed with the Board a copy of the monthly operator's report for the month of November, 2015, a copy of which is attached. He stated that the ratio of water billed versus produced for the period from October 14, 2015, to November 13, 2015, was 98%.

Mr. Montgomery reviewed the report from GM Services on the water wells and stated that the meter at water well no. 1 is being repaired.

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

After review and discussion, Director Veasey moved to (1) approve the operator's report; and (2) remove the delinquent accounts discussed above from the accounts receivable list. Director Cote seconded the motion, which passed 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 Cote and carried unanimously. A copy of the list of delinquent utility service accounts is attached.

DISCUSS UTILITIES

The Board requested that this item be removed from the agenda.

REPORT ON IMPLEMENTATION OF GROUNDWATER REDUCTION PLAN AGREEMENT

The Board requested that this item be removed from the agenda.

DISCUSS EVALUATION OF DISTRICT CONSULTANTS

The Board met to discuss consultant contracts.

ACCEPT RESIGNATION OF DIRECTOR AYRE AND APPOINT NEW DIRECTOR

Mr. Austin stated that Director Ayre submitted his resignation from the Board. The Board considered accepting the resignation of Director Ayre and appointing a new director. Bredawn Riley, was introduced as a person both willing and qualified to serve on the Board of Directors. After discussion, Director Veasey moved to accept the resignation of Director Ayre and to appoint Bredawn Riley to fill the vacancy on the Board. Director Goodman seconded the motion, which carried by unanimous vote.

APPROVE SWORN STATEMENT, OFFICIAL BOND AND OATH OF OFFICE

The Board next considered approving the Sworn Statement, Oath of Office and Official Bond for Bredawn Riley. After discussion, Director Veasey moved to approve the Sworn Statement, Official Bond and Oath of Office for Director Riley. Director Goodman seconded the motion, which was approved by unanimous vote.

REORGANIZE THE BOARD AND ELECT OFFICERS

The Board next considered reorganization of the Board. After discussion, Director Veasey moved that Director Riley be appointed Assistant Vice President and the remainder of the Board retain their current positions, and to authorize filing of the District Registration Form with the Texas Commission on Environmental Quality ("TCEQ"). Director Goodman seconded the motion, which was approved by unanimous vote.

DISCUSS OPEN MEETINGS ACT AND PUBLIC INFORMATION ACT TRAINING REQUIREMENTS

Mr. Austin reviewed a Memorandum from ABHR regarding Open Meetings Act and Public Information Act Training Requirements. Mr. Austin reported that, effective January 1, 2006, the Texas Legislature requires each elected or appointed public official to complete a course of training of not less than one and not more than two hours regarding the responsibilities of the governmental body and its members under the Texas Open Meetings Act, Chapter 551, Government Code.

CONFLICT OF INTEREST DISCLOSURE REQUIRED UNDER CHAPTER 176 OF THE TEXAS LOCAL GOVERNMENT CODE

Mr. Austin reviewed a Memorandum from ABHR regarding conflict of interest disclosure required under Chapter 176 of the Texas Local Government Code and disclosure forms adopted by the Texas Ethics Commission, a copy of which is attached. Mr. Austin stated that pursuant to Chapter 176 of the Texas Local Government Code, the District will maintain a List of Local Government Officers. Mr. Austin reviewed the List of Local Government Officers. After review and discussion, Director Veasey moved to approve and authorize execution of the List of Local Government Officers and direct that

the List be filed appropriately and retained in the District's official records. Director Goodman seconded the motion, which passed by unanimous vote.

The Board discussed creating a procedure to review consultant contracts. No action was taken.

There being no further business to come before the Board, the Board meeting was adjourned.

(SEAL)


Secretary, Board of Directors



LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
Bookkeeper's report and tax account report	1
Travel Reimbursement Guidelines	2
Detention and Drainage Facilities Report.....	3
Engineer's report	3
Monthly operator's report.....	5
List of delinquent utility service accounts	5