

MINUTES
MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 89

September 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 September, 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 Grant, thus constituting a quorum.

Also present at the meeting were Lance Monger; 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 Alyssa Ollwerther of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board reviewed the minutes of the August 6, 2015, regular meeting. Following review and discussion, Director Veasey moved to approve the minutes of the July 2, 2015, regular meeting, as revised, and the August 6, 2015 minutes, as presented. The motion was seconded by Director Cote and passed by unanimous vote.

QUARTERLY REPORT FROM BEST TRASH, LLC

The Board did not receive a quarterly report from Best Trash, LLC.

CONSIDER UTILITY COMMITMENT FOR APPROXIMATELY 1.5 ACRE TRACT

Mr. Monger discussed plans to develop a 1.5 acre tract just outside the District. Mr. Monger requested a utility commitment from the Board. Discussion ensued. After review and discussion, the Board concurred to table granting a utility commitment until more information is available regarding development of the tract.

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 Ayre 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.

CONDUCT ANNUAL REVIEW OF INVESTMENT POLICY AND ADOPT RESOLUTION REGARDING ANNUAL REVIEW OF INVESTMENT POLICY

The Board reviewed the District's Investment Policy to determine if any amendments were necessary. After discussion, the Board determined not to make any amendments to its Investment Policy. Director Veasey moved to adopt a Resolution Regarding Annual Review of Investment Policy reflecting that no amendments were necessary to the Investment Policy at this time, and direct that the Resolution be filed appropriately and retained in the District's official records. The motion was seconded by Director Goodman and carried by unanimous vote.

ADOPT RESOLUTION ESTABLISHING THE AUTHORIZED DEPOSITORY INSTITUTIONS AND ADOPTING LIST OF QUALIFIED BROKER/DEALERS WITH WHOM THE DISTRICT MAY ENGAGE IN INVESTMENT TRANSACTIONS

Mr. Austin presented a Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions to update the list of qualified banks with which the District may invest funds. He noted that the District's bookkeeper provided the updated list of banks, which is attached as an exhibit to the Resolution. After review and discussion, Director Veasey moved to adopt the Resolution and direct that it be filed appropriately and retained in the District's official records. Director Goodman seconded the motion, which carried by unanimous vote.

RENEW DISTRICT'S INSURANCE POLICIES

The Board reviewed the proposals for renewal of the District's insurance from HARCO Insurance Services/TML ("HARCO"). After discussion, Director Veasey moved to authorize renewal of the District's property, equipment breakdown, general liability, supplemental sewer backup, auto liability, pollution liability, directors' liability, directors' bond, and consultant's fidelity insurance coverage, pending increase in property values. Director Ayre seconded the motion, which passed unanimously.

PUBLIC HEARING REGARDING DISTRICT'S TAX RATE, ORDER LEVYING TAXES,
AND AMENDMENT TO INFORMATION FORM

The Board conducted a public hearing regarding the District's 2015 tax rate adoption. The Board noted that the District published a total tax rate of \$0.95 per \$100 of assessed valuation, consisting of \$0.64 to provide for debt service requirements and \$0.31 to provide for maintenance and operations.

After discussion, Director Ayre moved to adopt an Order Levying Taxes ("Order") providing for a 2015 tax rate of \$0.64 per \$100 of assessed valuation to provide for the District's debt service requirements and a tax rate of \$0.31 per \$100 of assessed valuation to provide for maintenance and operations, for a total 2015 tax rate of \$0.95 per \$100 of assessed valuation, and to approve the Amendment to Information Form to be filed with the Montgomery County Deed Records and the Texas Commission on Environmental Quality ("TCEQ"). The motion was seconded by Director Goodman and carried by unanimous vote.

TAX AGREEMENT WITH MONTGOMERY COUNTY

Mr. Austin reviewed an Agreement for Assessment and Collection Services between Montgomery County and the District for the 2015 tax year. After review and discussion, Director Ayre moved to approve the Agreement for Assessment and Collection Services between Montgomery County and the District and direct that the Agreement be filed appropriately and retained in the District's official records. Director Goodman seconded the motion, which carried by unanimous vote.

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 water well no. 3 and stated that J&C completed the preliminary construction plans for the permanent aeration solution for Spring Creek Utility District ("SCUD"). He reported that the plans are expected to be advertised in September.

Mr. Abshire updated the Board on the Rayford Road Municipal Utility ("Rayford Road MUD") District wastewater treatment plant Texas Pollutant Disinfection Elimination System permit increase notification. He reported that J&C received a notification from the engineer for Rayford Road MUD that they are proposing to submit a major permit amendment to increase capacity from 0.95 million gallons per day ("mgd") to 1.3 mgd. He

stated that it is not feasible for the District to provide capacity to Rayford Road MUD and will respond on behalf of the District accordingly.

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

Mr. Abshire reviewed the WWTP designs, a copy of which is included in the engineer's report. He stated that the construction plans are currently under review.

STATUS OF TPDES PERMIT APPLICATION

Mr. Abshire reported that the TPDES permit application is under review by the 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. 3 in the amount of \$54,540.00 to Schier Construction Company, Inc., for construction of water plant no. 1 improvements, including hydropneumatic tank no. 3. After discussion, Director Ayre moved to approve Pay Estimate No. 3 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 Goodman seconded the motion, which carried by unanimous vote.

PHASE II MS4 PERMIT APPLICATION

Mr. Abshire reported on the MS4 Permit.

DEEDS AND EASEMENTS

Mr. Austin stated that ABHR sent Land Tejas the deed to convey the pipeline easement area to the District but Land Tejas has not yet agreed to sign the deed. The Board instructed Mr. Austin to notify Land Tejas of its maintenance duties. Mr. Austin stated that ABHR has provided to Elan the deed to convey another tract of land along the pipeline easement to the District.

REPORT ON BOND APPLICATION NO. 8

Mr. Abshire stated that J&C is preparing bond application no. 8. He reviewed a preliminary summary of cost, a copy of which is included in the engineer's report.

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 July 15, 2015, to August 15, 2015, was 96%.

After review and discussion, Director Ayre 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 Ayre 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.

DISCUSS SIDEWALK AND SECURITY PATROL

The Board concurred to table this agenda item until there are proposals for lake maintenance, streetlights, and security patrols from the Homeowner's Association.

REPORT ON IMPLEMENTATION OF GROUNDWATER REDUCTION PLAN AGREEMENT

The Board did not receive a report on the implementation of Groundwater Reduction Plan Agreement.

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

(SEAL)




Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

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