

MINUTES  
MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 89

October 6, 2016

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 6th day of October, 2016, 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
Bredawn Riley	Assistant Vice President
Shawn Goodman	Assistant Secretary

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

Also present at the meeting were Fred C. Colston III, a resident of the District; Frederick Sunderman of Spring Creek Utility District ("SCUD"); Stacey Wagner of Champions Hydro-Lawn, Inc. ("Champions"); Anthea Moran of FirstSouthwest, a Division of Hilltop Securities ("FirstSouthwest"); 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"); and Tim Austin and Ashley Ramos of Allen Boone Humphries Robinson LLP ("ABHR").

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The Board reviewed the minutes of the September 1, 2016, regular meeting. Following review and discussion, Director Goodman moved to approve the minutes of the September 1, 2016, regular meeting. The motion was seconded by Director Veasey and passed by unanimous vote.

UNLIMITED TAX REFUNDING BONDS, SERIES 2016A

Ms. Moran distributed information on the possible issuance of \$5,200,000 Unlimited Tax Refunding Bonds, Series 2016A ("Series 2016A Refunding Bonds"), a copy of which is attached. After discussion, Director Veasey moved to proceed with issuance of the Series 2016A Refunding Bonds, the purchase of insurance, an application for a rating, and preparation of the preliminary official statement. Director Riley seconded the motion, which passed by unanimous vote.

Mr. Austin reviewed the Resolution Authorizing the Issuance of the District's Unlimited Tax Refunding Bonds, Series 2016A. The Board considered setting the minimum parameter for present value savings, the maximum aggregate principal amount of the Refunding Bonds, and the designation of a representative to carry out the refunding transaction on behalf of the Board. After review and discussion, Director Veasey moved to (1) authorize the financial advisor to proceed with the sale of the Series 2016A Refunding Bonds in a principal amount not to exceed \$6,000,000 and subject to a present value savings of at least 6.5%; (2) approve the delegation of authority to Director Riley to approve the sale of the Series 2016A Refunding Bonds upon receipt of the pricing information, subject to parameters approved by the Board, and Director Grant as an alternate if needed; (3) adopt a Resolution Authorizing Issuance of the District's Series 2016A Refunding Bonds and direct that the Resolution be filed appropriately and retained in the District's official records; and (4) authorize the Board of Directors to sign all documents relating to the sale of the Series 2016 Refunding Bonds. Director Riley seconded the motion, which passed by unanimous vote.

Ms. Moran discussed a letter to the Board from FirstSouthwest regarding disclosures by the underwriter related to the services the underwriter will be providing in connection with the Refunding Bonds pursuant to Municipal Securities Rulemaking Board ("MSRB") Rule G-17. Following review and discussion, Director Veasey moved to acknowledge receipt of the underwriter's letter and to authorize execution of the acknowledgement. Director Goodman seconded the motion, which passed by unanimous vote.

The Board considered authorizing the tax assessor/collector to request a Certificate of Assessed Value as of January 1, 2016, from the Montgomery Central Appraisal District. Following review and discussion, Director Veasey moved to authorize the tax assessor/collector to request a Certificate of Assessed Value as of January 1, 2016

DISCUSS WEBSITE, SOCIAL MEDIA, AND NEWSLETTER, INCLUDING REVIEW PROPOSAL FROM OFF CINCO

The Board reviewed a proposal from Off Cinco for the development of a potential District website. Following discussion, the Board concurred to receive additional proposals at the next meeting for the development of a potential District website.

GARBAGE COLLECTION SERVICES, INCLUDING APPROVE AMENDED CONTRACT WITH BEST TRASH

The Board reviewed the First Amendment to Residential Solid Waste Collection Contract ("Contract Amendment") between the District and Best Trash. Following

review and discussion, Director Veasey moved to approve the Contract Amendment. Director Goodman seconded the motion, which carried by unanimous vote.

#### LEGENDS RANCH PROPERTY OWNERS ASSOCIATION

There was no report on this agenda item.

#### 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. Following review and discussion, Director Veasey moved to approve the bookkeeper's report. Director Cote seconded the motion, which carried by unanimous vote.

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

The Board deferred discussion on this agenda item to the next meeting pending review of the District's Investment Policy.

#### 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 Cote moved to adopt the Resolution and direct that it be filed appropriately and retained in the District's official records. Director Riley seconded the motion, which carried by unanimous vote.

#### REPORT ON DRAINAGE CHANNEL MAINTENANCE

Ms. Wagner presented and reviewed a report from Champions, a copy of which is attached.

#### ENGINEER'S REPORT

Mr. Abshire presented and reviewed with the Board the engineer's report, a copy of which is attached. Mr. Abshire reported on Water Well No. 3 within SCUD. He stated the final inspection was held on Friday, July 29, 2016, with the contractor, operator, engineer, and representatives from the SCUD Board and all punchlist items

are complete except for some minor coating and hydro mulching, which has been delayed due to weather.

Mr. Abshire presented and reviewed a preliminary cost estimate for the Water Well No. 1 rework. He stated the total cost estimate for the rework is \$342,000, with the District's pro rata share being \$150,480. Mr. Abshire stated J&C requests authorization to begin preparation of the bid package for the Water Well No. 1 rework. Following review and discussion, Director Cote moved to authorize J&C to prepare the bid package for the Water Well No. 1 rework. Director Goodman seconded the motion, which carried by unanimous vote. Mr. Abshire stated J&C will prepare the bid package to advertise and receive bids in November.

Mr. Abshire stated J&C requests authorization to begin preparation of the reclaimed water feasibility analysis in the amount of \$10,000, which has already been included in the District's budget for fiscal year end August 31, 2017. Following review and discussion, Director Cote moved to authorize J&C to prepare the reclaimed water feasibility analysis in the amount of \$10,000. Director Goodman seconded the motion, which carried by unanimous vote.

#### PAY ESTIMATES, CHANGE ORDERS, AND FINAL ACCEPTANCE FOR WASTEWATER TREATMENT PLANT ("WWTP")

Mr. Abshire recommended approval of Pay Estimate No. 5 in the amount of \$182,700.00 to Bryan Construction Co. Following review and discussion, Director Goodman moved to approve Pay Estimate No. 5 in the amount of \$182,700.00 to Bryan Construction Co. Director Cote seconded the motion, which carried by unanimous vote.

#### 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.

#### STORM WATER PERMITTING MATTERS

Mr. Abshire reported that J&C has continued with administration services in accordance with Permit Year 3 of the Storm Water Management Plan. He stated the Year 2 Annual Report will be presented at the next meeting for review by the Board.

#### OPERATOR'S REPORT

Mr. Montgomery presented and reviewed with the Board a copy of the monthly operator's report for the month of September, 2016, a copy of which is attached. He stated that the ratio of water billed versus produced for the period from August 18, 2016, to September 19, 2016, was 96%. Following discussion, Director Goodman moved

to approve the operator's report, including the two accounts to be written off as uncollectible. The motion was seconded by Director Cote and carried unanimously.

Mr. Montgomery noted that Well No. 3 has been added to the operator's report. He stated MOC requests authorization from the Board to allocate the monthly cost of operation and maintenance of Water Well No. 3 equally amongst the District, SCUD, and Montgomery County Municipal Utility District No. 88 ("MUD 88"). Following review and discussion, Director Veasey moved to authorize MOC to allocate the monthly cost of operation and maintenance of Water Well No. 3 equally amongst the District, SCUD, and MUD 88. Director Riley seconded the motion, which carried by unanimous vote.

Mr. Montgomery then presented three accounts requested to be written off as uncollectible totaling \$203.68. The Board discussed uncollectible accounts and potentially increasing renter deposits. Mr. Montgomery stated he will bring a proposal to the next meeting regarding uncollectible accounts and potentially amending the District's Rate Order to reflect the new renter deposit amount.

The Board discussed scheduling a tour of the District's facilities for Tuesday, October 11, 2016 at 2:00 p.m.

Mr. Montgomery stated MOC performed fire hydrant tests. He stated one fire hydrant will need to be painted and there are 91 missing reflectors that will need to be replaced.

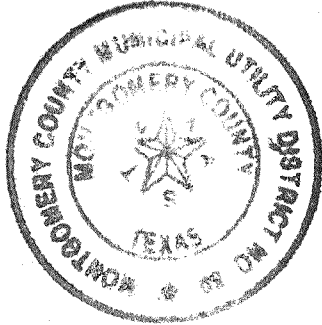
Mr. Austin presented and reviewed a letter to the District from SCUD and a letter to the District from MUD 88 regarding the establishment of an Advisory Board to discuss joint facility matters, copies of which are attached. Director Cote volunteered to represent the District as a member of the Advisory Board.


#### TERMINATION OF WATER SERVICE

Mr. Montgomery presented a list of delinquent customers and reported the residents on the termination list were delinquent in payment of their water and sewer bills and were given written notification, in accordance with the District's Rate Order, prior to the meeting of the opportunity to appear before the Board of Directors to explain, contest, or correct their bills and to show why utility services should not be terminated for reason of non-payment. Following review and discussion, Director Goodman moved to authorize termination of delinquent accounts in accordance with the District's Rate Order and direct that the delinquent customer list be filed appropriately and retained in the District's official records. The motion was seconded by Director Cote and passed by unanimous vote.

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

(SEAL)



  
Secretary, Board of Directors

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