

MINUTES
MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 89

December 7, 2017

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 7th day of December, 2017, 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:

Paul Cote	President
Robert Veasey, III	Vice President
Bredawn Riley	Secretary
Shawn Goodman	Assistant Vice President
Fred C. Colston, III	Assistant Secretary

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

Also present at the meeting were Jim Ridgway and Scott Ridgway of Bryan Construction Company; Nate Newman of NNN BTS, LLC; Jill Henze of Breedlove & Co., P.C. ("Breedlove"); Christie Leighton of Best Trash, LLC ("Best Trash"); Stacey Wagner of Champions Hydro-Lawn, Inc. ("Champions"); Justin Abshire and Martin Murdock of Jones & Carter, Inc. ("J&C"); John Montgomery of Municipal Operations & Consulting, Inc. ("MOC"); Christina Perry of Myrtle Cruz, Inc. ("Myrtle Cruz"); and Tim Austin and Ashley Ramos of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board reviewed the minutes of the October 27, 2017, special meeting, November 2, 2017, regular meeting, and November 9, 2017, special meeting. Following review and discussion, Director Veasey moved to approve the minutes. The motion was seconded by Director Colston and passed by unanimous vote.

APPROVE AUDIT FOR THE FISCAL YEAR ENDING AUGUST 31, 2017

Ms. Henze reviewed the audit for the fiscal year ending August 31, 2017, with the Board. Ms. Henze responded to questions from the Board. Following review and discussion, Director Veasey moved to approve the audit for the fiscal year ending August 31, 2017, subject to final review by the Board and the District's consultants. Director Riley seconded the motion, which carried by unanimous vote.

REPORT FROM BEST TRASH

Ms. Leighton presented the Board with a letter from Best Trash regarding the automatic annual CPI adjustment to the service rate pursuant to the agreement with the District, noting the current rate will change to \$15.15, an increase of \$0.40. A copy of the letter is attached.

LEGENDS RANCH PROPERTY OWNERS ASSOCIATION ("POA")

The Board discussed traffic signage located within the District and noted the dimensions of the signage were not in compliance. Mr. Abshire reviewed a proposal for traffic and street signage in the amount of \$69,000, a copy of which is included in the engineer's report. The Board discussed the replacement of signage in an attempt to meet County requirements for traffic enforcement. Following review and discussion, Director Cote moved to approve the proposal in the amount of \$69,000 from J&C, contingent upon approval from the POA for access to the signage. Director Colston seconded the motion, which passed by a vote of 3 to 1, with Director Riley abstaining from the motion.

ADOPT RESOLUTION CASTING VOTES FOR CANDIDATE ELECTION OF THE MONTGOMERY CENTRAL APPRAISAL DISTRICT ("MCAD") BOARD OF DIRECTORS

The Board considered casting the District's votes for a candidate for the Board of Director's election of the MCAD. Following review and discussion, Director Colston moved to cast the District's fourteen votes for Bruce Tough, adopt the Resolution Voting for Director in the Board of Directors Election for MCAD, and direct that the Resolution be filed appropriately and retained in the District's official records. Director Cote seconded the motion, which passed unanimously.

ARBITRAGE REBATE REPORT FOR THE SERIES 2008 BONDS

The Board reviewed a report from Omnicap, LLC concluding that there were no excess earnings in the District's Series 2008 Bonds and that no rebate for cumulative yield restriction liability is due to the Internal Revenue Service at the computation date for the Series 2008 bond series.

EMINENT DOMAIN REPORT

Mr. Austin reported ABHR has filed the District's Eminent Domain Authority Annual Report with the Comptroller of the State of Texas pursuant to Senate Bill 1812.

BOOKKEEPER'S AND TAX ACCOUNT REPORT

Ms. Perry 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. Ms. Perry noted a credit to the District from Spring Creek Utility District in the amount of \$34,236.81 for the District's share of the Federal Emergency Management Agency ("FEMA") claim from the April 2016 rain event. Following review and discussion, Director Colston moved to approve the bookkeeper's report. Director Riley 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 Board's Travel Reimbursement Guidelines and Director Expenses for the Association of Water Board Directors winter conference. After discussion, Director Riley moved to authorize reimbursement of the costs of two nights of lodging and reasonable meals and payment of three per diems for those Board members attending the conference. Director Colston 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. She next reviewed a proposal in the amount of \$6,500 from Champions to repair slope washouts and to reestablish turf. Following review and discussion, Director Colston moved to approve the proposal in the amount of \$6,500 to Champions. Director Veasey seconded the motion, which passed unanimously.

ENGINEER'S REPORT

Mr. Abshire presented and reviewed with the Board the engineer's report, a copy of which is attached.

Mr. Abshire updated the Board on the 1.5 acre Aldine Westfield Tract for the proposed early childhood development center, The Learning Experience, and a medical clinic, stating construction is underway. Mr. Newman, the developer of the 1.5 acre tract, requested reimbursement to NNN BTS, LLC for the construction of the public waterline extension along Aldine Westfield in a total amount of \$43,098 for construction costs and inspection services. Following review and discussion, Director Colston moved to authorize reimbursement to NNN BTS, LLC in the amount of \$43,098, subject to the construction of vertical improvements and subject to NNN BTS, LLC complying with MOC on regulations within the District's Rate Order. Director Veasey seconded the motion, which passed by a vote of 3 to 1, with Director Riley abstaining from the motion.

Mr. Abshire reported on the joint/central drainage facility weir and stormwater pump station grate improvements. He stated Lindsey Construction, Inc. expects to be completed with the concrete slope paving within the next week. Mr. Abshire stated J&C received a notice from FEMA on November 27, 2017 denying the claim, deeming the project ineligible due to preexisting damages they've concluded via historical google images. He stated J&C is in the process of appealing the decision from FEMA as the response was inconsistent with previous correspondence with various FEMA representative assigned to the claim.

Mr. Abshire updated the Board regarding the 2017 annual water plant inspection of Water Plant Nos. 1 and 2. He stated the inspection with MOC occurred on Wednesday, December 6, 2017.

Mr. Abshire reported on resident drainage issues located at 30419 Russell Point Drive. He stated J&C inspected the drainage issues and recommended the resident add a swale on the side of their driveway to help with their drainage concerns.

Mr. Abshire reported on the central drainage channel access driveway adjacent to the Montgomery County Municipal Utility District No. 88 ("MUD 88") wastewater treatment plant and the Legends Ranch pump station. He presented and reviewed a letter from MUD 88 requesting the financial participation by the District in the amount of \$18,919.86 for the access driveway, a copy of the letter is included in the engineer's report. The Board deferred discussion of this agenda item to executive session.

DISCUSS WATER CAPACITY REQUEST FROM MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 88

Mr. Abshire reported on MUD 88's request for water capacity from the District and SCUD. He presented and reviewed a revised pricing structure from MUD 88, a copy of which is included in the engineer's report. The Board deferred discussion of this item to executive session.

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

Mr. Abshire reported on WWTP matters. Messrs. Scott and Jim Ridgway requested the Board reconsider their approval of Pay Estimate No. 16 and Final for the full amount due to issues Bryan Construction Company had with CenterPoint Energy.

WASTEWATER TREATMENT PLANT PERMIT APPLICATION

Mr. Abshire reported that the renewal of the District's wastewater treatment plant permit application and a check for payment of the application fee are being presented for signature by the Board. After discussion, Director Colston moved to

authorize signature of the permit application and payment of the application fee. Director Veasey 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 updated the Board regarding storm water permitting matters stating J&C is continuing with year 4 administrative services.

OPERATOR'S REPORT

Mr. Montgomery presented and reviewed with the Board a copy of the monthly operator's report for the month of November 2017, a copy of which is attached. He stated that the ratio of water billed versus produced for the period from October 12, 2017, to November 13, 2017, was 97%. Mr. Montgomery noted a few bad meter reads in the months of October and November and stated the issue has since been addressed. Following discussion, Director Colston moved to approve the operator's report. The motion was seconded by Director Veasey and carried unanimously.

AMEND RATE ORDER

This item was deferred until the next meeting.

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 Colston 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 Veasey and passed by unanimous vote.

DISCUSS MATTERS RELATED TO MONTGOMERY COUNTY PRECINCT 3

There was no discussion on this agenda item.

REPORT FROM ADVISORY BOARD

There was no discussion on this agenda item.

DISCUSS MEETING LOCATION

There was no discussion on this agenda item.

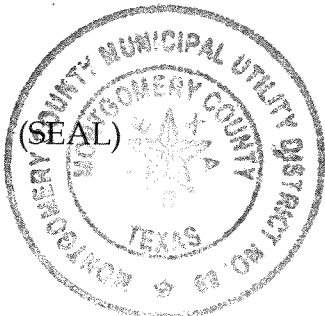
CONVENE IN EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE, TO CONDUCT A PRIVATE CONSULTATION WITH ATTORNEY TO DISCUSS PENDING OR CONTEMPLATED LITIGATION OR A SETTLEMENT OFFER

The Board convened in executive session at 12:52 p.m.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

The Board reconvened in open session at 1:30 a.m. The Board took no action.

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



Secretary, Board of Directors

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