

MINUTES  
MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 89

February 4, 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 4th day of February, 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 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"); Anthea Moran of First Southwest; and Tim Austin, Cathy Campbell, and Shilpa Shah of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board reviewed the minutes of the January 7, 2016, regular meeting. Following review and discussion, Director Goodman moved to approve the minutes of the January 7, 2016, minutes as presented. The motion was seconded by Director Cote 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.

Ms. Garcia stated that a blank check payable to the San Jacinto River Authority ("SJRA") for the quarterly billing is being submitted for approval. Ms. Garcia stated that she is working with SJRA to correct the quarterly billing statement.

Ms. Garcia reported that Spring Creek Utility District ("SCUD") will reimburse the District next month for overpayments under the Joint Storm Water Facilities Agreement

("Agreement"). Ms. Garcia reported that true-ups were performed based on recorded plats in SCUD and Montgomery County Municipal Utility District No. 88 ("No. 88"), resulting in reimbursement to the District.

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

#### REPORT FROM FINANCIAL ADVISOR ON REFUNDING BOND ISSUE

Ms. Moran reviewed the savings the District could achieve by issuing bonds to refund certain of the District's Unlimited Tax Bonds, Series 2007, 2008, and 2009. Ms. Moran reviewed the summary of the sources and uses of funds and a summary of the refunding structure, a copy of which is attached. The Board also discussed a cash defeasance of a portion of the Series 2008 Bonds. The Board agreed to monitor the market and defer this item for more discussion in July.

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

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

#### APPROVE ANNUAL REPORT AND AUTHORIZING FILING OF SAME WITH APPROPRIATE INFORMATION DEPOSITORIES IN ACCORDANCE WITH THE DISTRICT'S CONTINUING DISCLOSURE OF INFORMATION AGREEMENT AND AS REQUIRED BY SEC RULE 15C2-12

The Board considered approving the updated financial and operating data in accordance with the continuing disclosure agreements pursuant to SEC Rule 15c2-12. Director Cote moved to approve the updated financial and operating data and filing of such data in accordance with the continuing disclosure agreements pursuant to SEC Rule 15c2-12. Director Goodman seconded the motion, which carried by unanimous vote.

#### REPORT ON DRAINAGE CHANNEL MAINTENANCE

The Board did not receive a report on Detention and Drainage Facilities.

DISCUSS LEGENDS RANCH PROPERTY OWNERS ASSOCIATION MAINTENANCE OF ELAN BLVD. AND BIRNHAM WOODS DRIVE

The Board reviewed a map showing the ownership of various tracts in the District, including the Elan and Birnham Woods frontage, previously prepared based on information obtained from the Montgomery County Appraisal District and other sources, a copy of which is attached.

Discussion ensued regarding an email notice from Legends Ranch Property Owners Association ("POA") stating that they are terminating the landscape contract for maintenance of the frontage located along Birnham Woods Road and Elan Boulevard. The Board confirmed that a portion of Elan Boulevard frontage appears to be owned by the District, but the balance of both streets' frontage is owned by the POA and Land Tejas.

Director Grant stated that the POA requested that he and Director Veasey attend a POA meeting, but both directors had previous commitments. Director Grant stated that the POA indicated it has a map showing ownership of the area along Birnham Woods and Elan Boulevard but the POA has not provided that map to the District.

Director Grant requested the District's engineer to revise the District's map to reflect Land Tejas' ownership of the three pipeline tracts by the wastewater treatment Plant ("WWTP") and requested that ABHR send the revised map to the POA. Director Cote stated Land Tejas should pay for maintenance of the land owned by Land Tejas. Director Veasey stated the District should maintain only the area it owns along Elan Boulevard.

ENGINEER'S REPORT

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

REVIEW BIDS AND AWARD CONTRACT FOR WWTP

Mr. Abshire reviewed the tabulation of bids by the District for the WWTP, and recommended that the Board accept the low bid from Bryan Construction in the amount of \$3,640,000, plus Alternate Bid Nos. 2 and 3 in the amounts of \$14,400 each, for a total contract amount of \$3,668,800. The Board agreed that award of the contract to Bryan Construction will be most advantageous to the District and will result in the best and most economical completion of the District's facilities. After discussion, Director Veasey moved to accept the low bid submitted by Bryan Construction, and that the contract be awarded to said contractor, based on the engineer's recommendation. Director Goodman seconded the motion, which carried unanimously. Director Goodman requested a construction timetable.

## REVIEW STORM WATER FACILITIES CONTRACT AND REQUEST TO ESTABLISH ADVISORY BOARD

Mr. Abshire reported that SCUD and No. 88 each have agreed on the revised pro-rata shares regarding reallocation of the storm water facilities and have each submitted their payments.

The Board concurred to defer action on the establishment of an Advisory Board.

## 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 2 of the Storm Water Management Plan.

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

Mr. Abshire reported that J&C submitted bond application no. 8 to the Texas Commission on Environmental Quality ("TCEQ").

## OPERATOR'S REPORT

Mr. Montgomery presented and reviewed with the Board a copy of the monthly operator's report for the month of January, 2016, a copy of which is attached. He stated that the ratio of water billed versus produced for the period from December 15, 2015, to January 15, 2016, was 95%.

Mr. Montgomery reported that the storm water lift pump #2 malfunctioned and is being inspected. He stated he will update the Board at the next meeting.

Mr. Montgomery reported three customers posted complaints that water service to delinquent accounts was terminated without sufficient notice on a community Facebook page, but MOC terminates service to delinquent accounts in accordance with the District's Rate Order.

Mr. Montgomery reported that MOC received a letter from Mr. Olufisoye Delano at 2918 E. Lake Falls Circle, requesting to have his water bill adjusted for high usage. Mr. Montgomery stated that Mr. Delano had a repair done to his irrigation system. Mr. Montgomery recommended evaluating Mr. Delano's water usage for one more month and then pull the meter for testing. A copy of Mr. Delano's request is attached. The Board

concluded to have MOC pull and test Mr. Delano's meter and if the meter is performing accurately, then deny Mr. Delano's request.

#### 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 (1) approve the operator's report; and (2) 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.

#### ADOPT RESOLUTION CHANGING MEETING LOCATION

Ms. Campbell reviewed a Resolution Establishing Additional Out-of-District Meeting Place and stated that the Resolution establishes MOC's new office location as a meeting place outside the District. After discussion, Director Goodman moved to adopt the Resolution. Director Veasey seconded the motion, which carried by unanimous vote.

#### WATER AND SEWER RATE COMPARISON

The Board concurred to defer this agenda item.

#### DISCUSS PROCESS FOR EVALUATION OF DISTRICT CONSULTANTS

The Board discussed the special meeting on January 13, 2016, and an email to Mr. Austin on January 22, 2016, with instructions to send information to request proposals for legal services to various law firms. Discussion ensued over miscommunications and the Board agreed to re-send the requests to the law firms.

#### APPROVE AMENDMENT TO ENGAGEMENT LETTER WITH ALLEN BOONE HUMPHRIES, LLP

Mr. Austin presented an amended engagement letter with ABHR to lower the bond fee to 2% for all new money bonds. After discussion, Director Goodman moved to approve the amended engagement letter. Director Riley seconded the motion, which carried by unanimous vote.

DISCUSS WEBSITE, SOCIAL MEDIA, AND NEWSLETTER

Director Cote discussed sending a newsletter once a year with information to the residents. The Board also discussed a website or other social media to communicate with the residents. Director Goodman stated he will gather information for the Board's review. The Board concurred to defer this agenda item.

2016 DIRECTORS ELECTION

Mr. Austin reviewed an Order Calling Directors Election. After review and discussion, Director Veasey moved to adopt the Order Calling Directors Election. Director Riley seconded the motion, which passed unanimously.

Mr. Austin discussed that the Notice of Election may be required to be posted or published and provided to the County Clerk or Voter Registrar of Montgomery County. Following review and discussion, Director Veasey moved to authorize the Secretary's agent to post or publish and provide to the County Clerk and Voter Registrar Notice of Election, if required. Director Riley seconded the motion, which passed unanimously.

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

(SEAL)

  
Secretary, Board of Directors



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