

MINUTES
MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 89

March 3, 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 3rd day of March, 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, except Director Grant, thus constituting a quorum.

Also present at the meeting were Stacey Wagner of Champions Hydro-Lawn, Inc. ("Champions"); 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 February 4, 2016, regular meeting and January 13, 2016 meeting. Following review and discussion, Director Goodman moved to approve the minutes of the February 4, 2016 and January 13, 2016 meetings, 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 reported that Spring Creek Utility District ("SCUD") reimbursed the District for overpayments under the Joint Storm Water Facilities Agreement ("Agreement") in the amount of \$13,983.79.

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

RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

Mr. Austin reviewed the Resolution Concerning Exemptions from Taxation. After discussion, Director Goodman moved to adopt the Resolution Concerning Exemptions from Taxation granting a \$10,000 exemption from ad valorem taxation of the appraised value of residence homesteads of individuals who are disabled or are sixty-five years of age or older. Director Veasey seconded the motion, which carried by unanimous vote.

REPORT ON DRAINAGE CHANNEL MAINTENANCE

Ms. Wagner presented a report on Detention and Drainage Facilities, a copy of which is attached. She then reviewed a proposal for de-silting and slope repair in the lateral channel. Discussion ensued regarding the District's budget and the Board requested that Champions consider a lower price. Following review and discussion, the Board concurred to defer action on this item.

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

Mr. Austin reported that a revised map reflecting ownership of the pipeline tracts by the wastewater treatment Plant ("WWTP") and common areas in the District (the "Tracts") was sent to Legends Ranch Property Owners Association ("POA") and no response has been received. Director Cote stated that the POA's attorney is acquiring title information for the Tracts, but has not shared that information with the District.

Discussion ensued regarding the landscape contract for maintenance of the frontage located along Birnham Woods Road and Elan Boulevard ("Frontage Area"). 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. The Board discussed obtaining a proposal from Champions to maintain the Frontage Area and/or to fund a portion of the POA's cost to maintain the Frontage Area. The Board agreed not to fund any POA expenses until the POA provides audited financial statements and Director Veasey agreed to contact the POA to request audited financial statements.

Mr. Austin recommended the District obtain the full audit of financials, including and reserves and authorization of landowners since the property is inside the right-of-way (ROW). Director Veasey stated he will send a request to the POA and obtain a cost estimate for the portion of the land that the District owns. Director Goodman stated that he does not want to use the District's funds for maintenance that POA is responsible for.

ENGINEER'S REPORT

Mr. Abshire presented and reviewed with the Board the engineer's report, a copy of which is attached. Mr. Abshire discussed construction of Water Well No. 3 within Spring Creek Utility District ("SCUD") and widening of Rayford Road.

PAY ESTIMATES, CHANGE ORDERS, AND FINAL ACCEPTANCE FOR WWTP

Mr. Abshire reported a pre-construction meeting is tentatively scheduled to be held with Bryan Construction on Thursday, March 10, 2016 and the notice to proceed will be issued at that meeting. He stated that he would present the construction schedule to the Board at the next meeting.

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 February, 2016, a copy of which is attached. He stated that the ratio of water billed versus produced for the period from January 15, 2016, to February 15, 2016, was 96%.

Mr. Montgomery reported that MOC replaced the meter at 2918 E. Lake Falls Circle discussed last month, even though the previous meter tested to be performing accurately. Mr. Montgomery stated that the account has been paid in full.

The Board discussed conducting a tour of District facilities and agreed to schedule the tour for Friday, March 25, 2016, at 8:00 a.m. The Board requested that the POA Board be invited to attend the tour.

Mr. Montgomery presented a list of accounts that are deemed to not be collectible and recommended removing the accounts from the accounts receivable list. After discussion, Director Goodman moved to approve removing the delinquent accounts from the accounts receivable list. Director Veasey seconded the motion, which carried by unanimous vote.

CONDUCT ANNUAL REVIEW OF DROUGHT CONTINGENCY PLAN

Mr. Austin reviewed the District's Drought Contingency Plan and the Board agreed that no revisions are necessary to the plan at this time.

APPROVE ANNUAL REPORT ON WATER CONSERVATION PLAN ("WCP") AND AUTHORIZE SUBMITTAL TO THE SAN JACINTO RIVER AUTHORITY

The Board deferred review of the WCP.

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.

DISCUSS PROCESS FOR EVALUATION OF DISTRICT CONSULTANTS

The Board agreed to discuss proposals for legal services at the end of the April meeting.

DISCUSS WEBSITE, SOCIAL MEDIA, AND NEWSLETTER

The Board did not discuss this item.

2016 DIRECTORS ELECTION

Mr. Austin discussed procedures related to the 2016 Directors Election. He presented a Certificate Declaring Unopposed Status of Candidates for Election to the Board of Directors executed by the Board Secretary stating that the District received three candidate applications for the two director positions for the May 7, 2016, Directors Election. Following review and discussion, Director Veasey moved to accept the Certificate Declaring Unopposed Status of Candidates for Election to the Board of Directors. Director Goodman seconded the motion, which passed unanimously.

Mr. Austin presented an Order Cancelling Election and Declaring Unopposed Candidates Elected to Office stating that the May 7, 2016, Directors Election is cancelled

and that the unopposed candidates, Robert Veasey and Bredawn Riley, are declared elected to office to serve from the May 7, 2016, election until the May 2, 2020, Directors Election. Following review and discussion, Director Veasey moved to adopt the Order Cancelling Election and Declaring Unopposed Candidates Elected to Office. The motion was seconded by Director Goodman and passed unanimously.

Mr. Austin discussed that the Board had approved entering into a contract with Montgomery County (the "County") to administer the District's 2016 Directors Election. After discussion, Director Veasey moved to cancel the contract with the County for election services for the May 2016 Directors Election. Director Goodman 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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