

MINUTES
MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 89

May 5, 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 5th day of May, 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 David Marks and Kara Richardson of Marks Richardson, PC; Alan Petrov and Marisa Roberts of Johnson Petrov LLP; Tim Green and Mallory Craig of Coats Rose, PC; 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; Eric Garrington of Legends Ranch Property Owners Association ("POA"); and Tim Austin and Cathy Campbell of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board reviewed the minutes of the April 7, 2016, regular meeting and April 7, 2016, special meeting. Director Goodman requested a revision to the April 7, 2016, regular minutes. Following review and discussion, Director Veasey moved to approve the minutes of the April 7, 2016, regular meeting, as revised, and April 7, 2016, special meeting. The motion was seconded by Director Goodman and passed by unanimous vote.

LEGENDS RANCH PROPERTY OWNERS ASSOCIATION

Mr. Garrington reported that the POA voted to approve installation of the first phase of recreational improvements to the drill site, including clearing, irrigation and a dog park (the "Project"). Mr. Garrington stated that the POA is requesting the District to fund construction of a hurricane fence between the drill site and District property at an estimated cost of \$27,000. Mr. Garrington stated that, although a chain link fence is less expensive, the chain link fences are not durable and are easily cut and damaged. Mr. Garrington stated that the POA does not have a survey of the property. The Board noted

that a survey will be necessary to establish the property line and will be needed for drainage analysis and irrigation installation. The Board discussed drainage of the drill site and Mr. Garrington stated that he spoke with J&C and Montgomery County regarding drainage. Mr. Garrington stated that Montgomery County did not require a drainage permit. After discussion, Director Veasey moved to commit to funding the hurricane fence in an amount not to exceed \$28,000, subject to Board approval of the plans and bids, receipt of a survey, review of the irrigation plans, and approval of a Cost Sharing Letter Agreement with the District; and, that the District will fund the fence during the August 31, 2016, to 2017, budget year providing funds to the POA for the POA to use to construct the fence. Director Riley seconded the motion, which carried by unanimous vote. The Board directed ABHR to prepare a Letter Agreement with the POA to reflect the terms of funding the fence construction. The Board noted that the fence should be constructed on the property line.

UNLIMITED TAX BONDS, SERIES 2016

BID REVIEW AND AWARD SALE OF DISTRICT'S BONDS

The Board considered review of the bids and award of the sale of the District's \$4,060,000 Unlimited Tax Bonds, Series 2016 ("Bonds"). Ms. Moran read the bids that had been received:

- (1) RBC Capital Markets, with a net effective interest rate of 2.565937%;
- (2) Robert W. Baird & Co., Inc., with a net effective interest rate of 2.576228%;
- (3) SAMCO Capital Markets, with a net effective interest rate of 2.608863%;
- (4) Stifel, Nicolaus & Co., Inc., with a net effective interest rate of 2.644305%;
- (5) FTN Financial Capital Markets, with a net effective interest rate of 2.674361%; and
- (6) Raymond James & Associates, Inc., with a net effective interest rate of 2.765989%.

AWARD SALE OF DISTRICT'S BONDS

The Board next considered award of the sale of the Bonds. Ms. Moran stated that the low bid submitted by RBC Capital Markets ("RBC"), with a net effective interest rate of 2.565937%, had been reviewed and all numbers checked, and everything was found to be correct and in order. Ms. Moran recommended that the District accept the bid of RBC, as submitted. Director Goodman moved to award the sale of the Bonds to RBC, with a net effective interest rate of 2.565937%. Director Riley seconded the motion, which carried unanimously.

RESOLUTION AUTHORIZING THE ISSUANCE OF THE DISTRICT'S BONDS

The Board next considered adopting a Resolution Authorizing the Issuance of the District's Bonds ("Resolution"). Mr. Austin reviewed the proposed Resolution with the Board and explained that the document sets forth the terms and provisions of issuance and delivery of the Bonds, the payment of principal and interest over the life of the Bonds, and certain District covenants regarding the tax-exempt status of the Bonds. After review and discussion, Director Goodman moved to adopt the Resolution. Director Riley seconded the motion, which was approved by unanimous vote.

PAYING AGENT/REGISTRAR AGREEMENT

The Board next considered execution of the Paying Agent/Registrar Agreement with The Bank of New York. Mr. Austin stated that the agreement sets forth the provisions by which the paying agent/registrar will handle registration, transfer, and payment of the District's Bonds. Director Goodman moved to approve the Paying Agent/Registrar Agreement with The Bank of New York. Director Riley seconded the motion, which carried unanimously.

OFFICIAL STATEMENT

The Board next considered approving the Official Statement. Ms. Moran explained that the Preliminary Official Statement would be revised to reflect the terms of this sale, including the purchaser, interest rates and debt service requirements. After discussion, Director Goodman moved to approve the Official Statement. Director Riley seconded the motion, which was approved by unanimous vote.

EXECUTION OF CERTIFICATE REGARDING PROVISION OF FINANCIAL ADVICE

Mr. Austin presented and reviewed with the Board a Certificate Regarding Provision of Financial Advice (the "Certificate"). After review and discussion, Director Goodman moved to authorize execution of the Certificate and direct that it be filed appropriately and retained in the District's official records. Director Riley seconded the motion, which passed by unanimous vote.

EXECUTION OF DOCUMENTS RELATED TO DISTRICT'S BONDS

Mr. Austin next explained that there will be various documents related to delivery of the Bonds requiring execution by the directors prior to closing. He requested that the Board authorize the President and Secretary to execute documents necessary in connection with the transaction and authorize the District's attorney and financial advisor to take all necessary action to deliver the Bonds to the purchaser. Director Goodman moved to authorize execution of documents related to the sale and delivery of the Bonds and authorize the District's attorney and financial advisor to take all necessary action to deliver the Bonds. Director Riley seconded the motion, which was approved by unanimous vote.

APPROVE CHECK TO ATTORNEY GENERAL

After discussion, Director Goodman moved to approve the check payable to the Attorney General relating to the bond issue transcript review. Director Riley seconded the motion, which carried by unanimous vote.

AMENDMENT TO INFORMATION FORM

The Board considered approving an Amendment to the District's Information Form, which reflects the updated total amount of bonds sold by the District. Director Goodman moved to approve the Amendment to the Information Form, to be filed with the Texas Commission on Environmental Quality ("TCEQ") and the Montgomery County Deed Records. Director Riley seconded the motion, which carried 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.

After discussion, Director Goodman 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 SUMMER CONFERENCE

Mr. Austin reviewed the District's Travel Reimbursement Guidelines previously adopted by the Board for the Association of Water Board Directors summer conference.

REPORT ON DRAINAGE CHANNEL MAINTENANCE

Mr. Abshire reported that Stacey Wagner of Champions Hydro-Lawn, Inc. ("Champions") was not able to attend the meeting because of an emergency. Mr. Abshire read a report from Ms. Wagner to the Board on the drainage channel. Mr. Abshire stated that Ms. Wagner reported that the de-silting and slope repair in the lateral channel will begin in mid to late May.

Director Cote discussed maintenance of the frontage area located along Birnham Woods Road and Elan Boulevard ("Frontage Area"). Director Grant suggested that Director Cote obtain proposals to landscape the Frontage Area.

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").

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

Mr. Abshire reported that Bryan Construction Co., did not submit any pay estimates for approval for the WWTP construction.

Mr. Montgomery reported that claims were filed after the April rain event and the Federal Emergency Management Agency ("FEMA") is scheduled to inspect the area next week. Director Cote requested confirmation that the WWTP construction is elevated so that an extreme rain event will not damage pumps and other electrical equipment. Mr. Montgomery stated that SCUD's engineer viewed and photographed the area after the rain event and recommended that SCUD, Montgomery County Municipal Utility District No. 88 ("No. 88") and the District coordinate submittal of information to Montgomery County. The Board agreed to send information to Montgomery County after FEMA inspects the area and to send information to Montgomery County after receipt of SCUD's engineer's information so that it can be included in the letter to Montgomery County. Mr. Montgomery reviewed four component failures in the storm drainage system. Mr. Murdoch agreed to provide information and recommendations for corrective measures for an extreme rain event on the District's facilities and a synopsis of changes to the drainage system.

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.

OPERATOR'S REPORT

Mr. Montgomery presented and reviewed with the Board a copy of the monthly operator's report for the month of April, 2016, a copy of which is attached. He stated that the ratio of water billed versus produced for the period from March 15, 2016, to April 15, 2016, was 94%.

Mr. Montgomery reviewed a letter from the San Jacinto River Authority ("SJRA") notifying participating districts that a rate increase will be considered at SJRA's June 23, 2016, meeting. A copy of the letter from SJRA is attached.

Following discussion, Director Grant moved to approve the operator's report. The motion was seconded by Director Veasey and carried unanimously.

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 Grant moved to authorize termination of utility service to said accounts. The motion was seconded by Director Veasey and carried unanimously. A copy of the list of delinquent utility service accounts is attached.

MANHOLE REPAIR

Mr. Montgomery stated that the manhole repairs have not yet started.

APPROVE CONSUMER CONFIDENCE REPORT

The Board next considered approving the District's Consumer Confidence Report ("CCR") for the year 2015. After discussion, Director Grant moved to approve the 2015 CCR to be posted to the MOC website for residents to view and to authorize MOC to certify filing the CCR with the TCEQ by July 1, 2016. Director Veasey seconded the motion, which passed by unanimous vote.

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

Mr. Montgomery stated that MOC filed the WCP annual report. After discussion, Director Grant moved to approve the WCP annual report. Director Veasey seconded the motion, which carried by unanimous vote.

DISCUSS WEBSITE, SOCIAL MEDIA, AND NEWSLETTER

The Board did not discuss this item.

REPORT FROM SPRING CREEK UTILITY DISTRICT

The Board did not receive a report from SCUD.

RESOLUTION REGARDING NOMINATING CANDIDATE FOR APPOINTMENT TO GROUNDWATER REDUCTION PLAN CONTRACT REVIEW COMMITTEE

After discussion, Director Grant moved to adopt the Resolution Regarding Nominating Candidate for Appointment to Groundwater Reduction Plan Contract Review


Committee and to appoint Director Riley. Director Veasey seconded the motion, which carried by unanimous vote.

RECEIVE PRESENTATIONS REGARDING LEGAL SERVICES

The Board heard presentations from David Marks and Kara Richardson of Marks Richardson, PC; Alan Petrov and Marisa Roberts of Johnson Petrov LLP; Tim Green and Mallory Craig of Coats Rose, PC; and Tim Austin of ABHR. After discussion, Director Riley moved to continue with ABHR as legal counsel. Director Goodman seconded the motion, which carried by a vote of four for and one abstaining, with Director Cote abstaining.

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




Secretary, Board of Directors

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