

MINUTES
MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 89

June 2, 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 2nd day of June, 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 Cote, thus constituting a quorum.

Also present at the meeting were Frederick Sunderman of Spring Creek Utility District ("SCUD"); Stacey Wagner of Champions Hydro-Lawn, Inc.; 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 and Ashley Ivers of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board reviewed the minutes of the May 5, 2016, regular meeting. Following review and discussion, Director Goodman moved to approve the minutes of the May 5, 2016, regular meeting. The motion was seconded by Director Veasey and passed by unanimous vote.

2016 DIRECTORS ELECTION

CERTIFICATE OF ELECTION

The Board considered approving a Certificate of Election, reflecting the election of Robert Veasey, III and Bredawn Riley to the Board of Directors of the District each for a four-year term. After review and discussion, Director Goodman moved to approve the Certificate of Election and the distribution of same to Directors Veasey and Riley and direct that the Certificate of Election be

filed appropriately and retained in the District's official records. Director Grant seconded the motion, which passed by unanimous vote.

APPROVE SWORN STATEMENT, OFFICIAL BOND, AND OATH OF OFFICE OF NEW DIRECTOR

Mr. Austin stated that Directors Veasey and Riley have been presented with their Sworn Statement and Oath of Office for execution. After discussion, Director Goodman moved to approve the Sworn Statements and Oaths of Office for Directors Veasey and Riley and approve filing of the Oaths of Office with the Secretary of State and direct that the Sworn Statements and Oaths of Office be filed and retained in the District's official records. Director Grant seconded the motion, which passed by unanimous vote.

REORGANIZE THE BOARD AND AUTHORIZE EXECUTION OF DISTRICT REGISTRATION FORM

Mr. Austin reviewed the current Board of Directors organization and officers. Following discussion, Director Grant moved that the officers' positions remain as follows:

Gregory Grant	President
Paul Cote	Vice President
Robert Veasey, III	Secretary
Bredawn Riley	Assistant Vice President
Shawn Goodman	Assistant Secretary

Director Goodman seconded the motion, which carried unanimously.

AUTHORIZE FILING OF DISTRICT REGISTRATION FORM WITH TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

The Board then considered authorizing execution of a District Registration Form. Mr. Austin stated that a revised District Registration Form must be executed and submitted to the Texas Commission on Environmental Quality ("TCEQ") identifying the new director terms and offices. After review and discussion, Director Grant moved to authorize execution of the District Registration Form and direct that the Registration Form be filed appropriately and retained in the District's official records. Director Goodman seconded the motion, which carried unanimously.

OPEN MEETINGS ACT AND PUBLIC INFORMATION ACT REQUIREMENTS. CONFLICT OF INTEREST DISCLOSURE REQUIRED UNDER CHAPTER 176 OF THE TEXAS LOCAL GOVERNMENT CODE, INCLUDING REVIEW OF DISCLOSURE FORMS AOPTED BY THE TEXAS ETHICS COMMISSION AND LIST OF LOCAL GOVERNMENT OFFICERS

Mr. Austin reviewed for the Board the Open Meetings Act requirements. He next reviewed for the Board Chapter 176 of the Texas Local Government Code, which requires directors and consultants to disclose certain conflicts of interest. Mr. Austin reviewed the forms adopted by the Texas Ethics Commission for making disclosures under Chapter 176 and noted that the forms are required to be filed with the records administrator for the District within seven days of a disclosable conflict arising. He encouraged Board members to contact ABHR if assistance is needed in determining whether a conflict requires disclosure or in making a required disclosure. Mr. Austin stated that pursuant to Chapter 176 of the Texas Local Government Code, the District maintains a List of Local Government Officers.

REPORT FROM BEST TRASH

There was no report on this agenda item.

LEGENDS RANCH PROPERTY OWNERS ASSOCIATION

Director Grant updated the Board on the Letter Agreement with the Legends Ranch Property Owners Association ("POA") reflecting the terms of funding the fence construction. Mr. Austin stated ABHR has not received the executed letter from the POA thus far. Director Grant volunteered to follow-up with the POA regarding the Letter Agreement with the POA.

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. Director Goodman requested that ABHR include rate information on ABHR's invoices to the District. The Board discussed investment options and agreed to review other investment options at the next Board meeting. Following review and discussion, Director Goodman moved to approve the bookkeeper's report. Director Riley seconded the motion, which carried by unanimous vote.

BUDGET FOR THE FISCAL YEAR END AUGUST 31, 2017

Ms. Garcia reviewed a draft budget for the District's August 31, 2017, fiscal year end. Discussion ensued and the Board agreed to review the budget again at the July meeting.

Ms. Moran discussed a potential refunding opportunity with the Board. She presented and reviewed a sources and uses of funds report and a ranking of underwriters list, copies of which are attached. Discussion ensued regarding the refunding opportunity and the District's reserve amount. Following review and discussion, the Board agreed to defer discussion of the potential refunding opportunity pending the Board setting a reserve amount and adoption of the budget for fiscal year ending August 31, 2017.

REPORT ON DRAINAGE CHANNEL MAINTENANCE

Ms. Wagner reported on the de-silting and slope repair in the lateral channel which began in mid to late May. She stated the project should be complete by next month following two weather delays.

LETTER REGARDING GRAND PARKWAY DRAINAGE ISSUES

The Board discussed the drainage issues along Grand Parkway. Mr. Montgomery requested that ABHR send a letter to the attorney of SCUD regarding cooperation between the District, SCUD, and Montgomery County Municipal Utility District No. 88 ("MUD No. 88") on a letter to the Texas Department of Transportation and Montgomery County regarding the drainage issues along Grand Parkway.

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 SCUD stating installation is expected to be complete with all work within the week.

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

Mr. Abshire recommended approval of Pay Estimate No. 1 in the amount of \$178,695.00 to Bryan Construction Co. Following review and discussion, Director Veasey moved to approve Pay Estimate No. 1 in the amount of \$178,695.00 to Bryan Construction Co. Director Goodman seconded the motion, which carried by unanimous vote.

Mr. Abshire updated the Board on Director Cote's concern discussed at the last meeting regarding confirmation that the WWTP construction is elevated so that an

extreme rain event will not damage pumps and other electrical equipment. He presented and reviewed a hydraulic profile with the Board and recommended no change to the elevation of the plant. A copy of the WWTP hydraulic profile is attached.

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 DRAINAGE ISSUES AND RECOMMENDATIONS FOR CORRECTIVE MEASURES

There was no additional report regarding the unusual flooding at the Grand Parkway.

OPERATOR'S REPORT

Mr. Montgomery presented and reviewed with the Board a copy of the monthly operator's report for the month of May, 2016, a copy of which is attached. He stated that the ratio of water billed versus produced for the period from April 15, 2016, to May 17, 2016, was 95%.

Mr. Montgomery presented and reviewed a draft Consumer Confidence Report ("CCR") with the Board, a copy of which is attached.

Mr. Montgomery noted a repair to the Water Plant stating oil passed through the turbine which caused black smoke to be released.

Mr. Montgomery next stated the recent rain event caused grates to become bowed and destroyed at the storm water pump station due to large debris getting stuck in the grates. He stated MOC will work to repair the damage.

Following discussion, Director Goodman moved to (1) approve the operator's report; and (2) approve the Consumer Confidence Report, subject to final review by ABHR, authorize the Municipal Operations to submit electronically the Consumer Confidence Report, once finalized, to District customers, and to file the Consumer Confidence Report with the Texas Commission on Environmental Quality. The motion was seconded by Director Riley 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 Goodman moved to authorize termination of utility service to said accounts. The motion was seconded by Director Riley and carried unanimously. A copy of the list of delinquent utility service accounts is attached.

MANHOLE REPAIR

The Board agreed to remove this item from the agenda.

DISCUSS WEBSITE, SOCIAL MEDIA, AND NEWSLETTER

The Board did not discuss this item.

REPORT FROM SPRING CREEK UTILITY DISTRICT

Mr. Sunderman introduced himself to the Board and stated SCUD would like to schedule a meeting with the District and MUD No. 88 to discuss potential joint projects between the Districts.

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




Secretary, Board of Directors

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