

MINUTES
MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 89

July 7, 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 7th day of July, 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 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"); and Tim Austin and Ashley Ivers of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board reviewed the minutes of the June 2, 2016, regular meeting. Following review and discussion, Director Veasey moved to approve the minutes of the June 2, 2016, regular meeting. The motion was seconded by Director Goodman and passed by unanimous vote.

OPERATOR'S REPORT

Mr. Montgomery presented and reviewed with the Board a copy of the monthly operator's report for the month of June, 2016, a copy of which is attached. He stated that the ratio of water billed versus produced for the period from May 17, 2016, to June 16, 2016, was 96%.

Mr. Montgomery reported on the recent rain event that caused grates to become bowed and destroyed at the storm water pump station due to large debris getting stuck in the grates, which was discussed at the last meeting. He stated MOC is working to repair the damage and has filed an insurance claim. Mr. Montgomery stated that what

the District's insurance does not cover, the Federal Emergency Management Agency should be able to.

Mr. Montgomery next stated the District's contract is expiring with the District's current telecommunication services provider, AT&T, and MOC would like to switch to Sprint at the time of expiration. Following review and discussion, Director Goodman moved to forgo renewing service with AT&T and to switch services to Sprint. Director Riley seconded the motion, which carried by unanimous vote.

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

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 Veasey 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 Goodman and passed by unanimous vote.

ENGAGE AUDITOR TO CONDUCT AUDIT FOR FISCAL YEAR END AUGUST 31, 2016

The Board discussed engaging Breedlove & Co., P.C. ("Breedlove") to conduct the District's audit for the fiscal year ending August 31, 2016. After discussion, Director Veasey moved to engage Breedlove to conduct the District's audit for the fiscal year ending August 31, 2016. Director Goodman seconded the motion, which carried by unanimous vote.

REPORT FROM BEST TRASH

The Board discussed the District's current contract with Best Trash stating they would like to review proposals at the next meeting from other garbage collection service providers. The Board stated the proposals should be prepared using the same services the District already has in place with Best Trash. Mr. Austin stated the District's contract with Best Trash will expire December 1, 2016 if the District gives notice at least 60 days in advance.

LEGENDS RANCH PROPERTY OWNERS ASSOCIATION

The Board discussed the Letter Agreement with the Legends Ranch Property Owners Association ("POA") stating the District has not received the executed Letter Agreement from the POA. The Board requested for ABHR to follow-up with the POA regarding the Letter Agreement with the POA.

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

Director Grant discussed the Association of Water Board Directors ("AWBD") summer conference. After discussion, Director Veasey moved to approve reimbursement of eligible expenses from the summer conference and authorize attendance at the AWBD winter conference in Austin, Texas. Director Goodman 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. Director Goodman followed up on the request for ABHR to include rate information on ABHR's invoices to the District. Mr. Austin verified that all future invoices will include the rate information. The Board discussed investment options and agreed to review other investment options from other banks at the next Board meeting. Following review and discussion, Director Goodman moved to approve the bookkeeper's report. Director Veasey 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 August meeting.

The Board deferred establishing an operating reserve to the next meeting.

Ms. Garcia reviewed a proposed joint facility budget for fiscal year ending August 31, 2017, a copy of which is included in the bookkeeper's report. She noted the San Jacinto River Authority pumpage fees are increasing.

REPORT ON DRAINAGE CHANNEL MAINTENANCE

Ms. Wagner presented and reviewed a report from Champions, a copy of which is attached.

The Board discussed mowing maintenance and potential landscape improvements along Elan Boulevard and Birnham Woods Drive. Ms. Wagner stated the Board of Directors of Montgomery County Municipal Utility District No. 88 ("MUD No. 88") are also discussing potential mowing maintenance. Following review and discussion, the Board (1) requested Ms. Wagner update the Board at the next meeting on MUD No. 88's decision on mowing maintenance along Elan Boulevard and Birnham Woods Drive; and (2) requested Ms. Garcia revise the proposed budget for fiscal year ending August 31, 2017 to increase the annual HOA/POA expenses from \$28,000 to \$50,000 for potential mowing maintenance and landscape improvements.

ENGINEER'S REPORT

Mr. Abshire presented and reviewed with the Board the engineer's report, a copy of which is attached. Mr. Abshire reported on Water Well No. 3 within Spring Creek Utility District. He stated Gemini Contracting Services, Inc. had to send the blower to the shop due to a motor issue, which will be reinstalled Thursday, July 7, 2016.

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

Mr. Abshire recommended approval of Pay Estimate No. 2 in the amount of \$10,080.00 to Bryan Construction Co. Following review and discussion, Director Veasey moved to approve Pay Estimate No. 2 in the amount of \$10,080.00 to Bryan Construction Co. Director Riley seconded the motion, which carried by unanimous vote.

Director Grant requested the plan for construction of the wastewater treatment plant be included in the engineer's report because of the many weather related delays have pushed the completion date of the wastewater treatment plant back.

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.

DISCUSS WEBSITE, SOCIAL MEDIA, AND NEWSLETTER

The Board did not discuss this item.

REPORT FROM SPRING CREEK UTILITY DISTRICT

There was no report on this agenda item.

REQUEST FOR DISTRICT PARTICIPATION IN MONTGOMERY COUNTY PRECINCT 3 TRANSPORTATION TASK FORCE

The Board reviewed a Declaration of Support for the Appointment of a MUD Representative to the Montgomery County Precinct 3 Commissioner's Transportation Task Force ("Declaration") and a Resolution Declaring Support for the Appointment of a MUD Representative on the Montgomery County Precinct 3 Commissioner's Transportation Task Force ("Resolution"). The Board discussed the appointment of Brian Desilets as the MUD representative to the transportation task force. Following review and discussion, Director Veasey moved to approve the Declaration and adopt the Resolution declaring support for Brian Desilets as the MUD representative to the transportation task force. Director Goodman seconded the motion, which carried by unanimous vote.

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




Secretary, Board of Directors

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