

MINUTES
MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 89

August 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 August, 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 Steve Williams of CIVE Consulting, Inc.; Nate Newman of NNN BTS, LLC; Kevin Atkinson of Texas Pride Disposal ("Texas Pride"); Matthew May of Best Trash, LLC ("Best Trash"); Felix DeLeon of WCA Waste Corporation of Texas ("WCA"); Monique Hayes of Eco Waste & Recycling ("Eco"); Anthea Moran of FirstSouthwest, a Division of Hilltop Securities ("FirstSouthwest"); Tom Mraz of HARCO Insurance Services ("HARCO"); Stacey Wagner and Johnny Williams of Champions Hydro-Lawn, Inc. ("Champions"); 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 July 7, 2016, regular meeting. Following review and discussion, Director Riley moved to approve the minutes of the July 7, 2016, regular meeting. The motion was seconded by Director Cote and passed by unanimous vote.

GARBAGE COLLECTION SERVICES, INCLUDING RECEIVE PROPOSALS FROM GARBAGE COLLECTION SERVICE PROVIDERS

Ms. Hayes introduced herself to the Board and presented and reviewed a proposal from Eco for garbage collections services, a copy of which is attached.

Mr. DeLeon introduced himself to the Board and presented and reviewed a proposal from WCA for garbage collection services, a copy of which is attached.

Mr. Atkinson introduced himself to the Board and presented and reviewed a proposal from Texas Pride for garbage collection services, a copy of which is attached.

Mr. May introduced himself to the Board and presented and reviewed a proposal from Best Trash, the District's current garbage collection service provider. A copy of the proposal is attached.

The Board reviewed a proposal from Waste Management of Texas, Inc. for garbage collection services, a copy of which is attached.

Following review and discussion, the Board deferred action on this agenda item to the next meeting.

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. 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, INCLUDING ESTABLISHING AN OPERATING RESERVE

Ms. Garcia reviewed a draft budget for the District's August 31, 2017, fiscal year end and a joint facility budget for fiscal year ending August 31, 2017, copies of which are included in the bookkeeper's report. Mr. Montgomery noted the additional cost for the trash rack included in the Spring Creek Utility District ("SCUD") joint drainage line of the budget and discussed the potential joint road project to allow access to the wastewater treatment plant by the District, SCUD, and Montgomery County Municipal Utility District No. 88 ("MUD No. 88"). The Board agreed to include an additional approximate \$30,000 to the annual HOA/POA fence project line item for the potential joint road project. Following review and discussion, Director Goodman moved to approve the budget for fiscal year end August 31, 2017, as revised. Director Riley seconded the motion, which carried by unanimous vote.

DISCUSS POTENTIAL REFUNDING OPPORTUNITY AND AUTHORIZE APPROPRIATE ACTION

Ms. Moran discussed a potential refunding opportunity with the Board. Following discussion, the Board agreed to move forward with a refunding bond issue.

RENEW DISTRICT'S INSURANCE POLICIES

Mr. Mraz presented and reviewed the proposals for renewal of the District's insurance from HARCO. The Board discussed increasing the general liability coverage from the current annual rate of \$982 of \$2,000,000 in coverage to \$1,009 of \$3,000,000 in coverage. After discussion, Director Veasey moved to authorize renewal of the District's property, equipment breakdown, general liability, including the increase to \$1,009, supplemental sewer backup, auto liability, pollution liability, directors' liability, directors' bond, and consultant's fidelity insurance coverage, pending increase in property values. Director Goodman seconded the motion, which passed unanimously.

LEGENDS RANCH PROPERTY OWNERS ASSOCIATION

The Board discussed the Letter Agreement with the Legends Ranch Property Owners Association ("POA") stating the District has received the executed Letter Agreement from the POA. Director Cote updated the Board on the most recent POA meeting.

DISCUSS 2016 TAX RATE, SET PUBLIC HEARING DATE, AND AUTHORIZE NOTICE OF PUBLIC HEARING REGARDING ADOPTION OF TAX RATE

The Board considered setting a public hearing date and authorizing notice of a public hearing regarding the District's adoption of a tax rate. Ms. Moran reviewed a cash flow analysis, a copy of which is attached. The Board discussed potential capital projects and funding of same. Ms. Moran noted that property values have increased and reviewed the parity rate and roll-back rate. Ms. Moran recommended that the Board levy a tax rate of \$0.58 per \$100 of assessed valuation to provide for the District's debt service requirements. The Board also discussed maintaining sufficient funds in the District's operating account and agreed to publish its intent to levy a tax rate of \$0.3064 per \$100 of assessed valuation to provide for maintenance and operations. After discussion, Director Goodman moved to authorize publication of the tax rate of \$0.8864 per \$100 of assessed valuation, and set the public hearing for September 1, 2016, at ABHR. The motion was seconded by Director Riley and carried unanimously. The Board agreed to schedule the public hearing for Thursday, September 1, 2016, at 11:00 a.m. at ABHR.

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 presented and reviewed a proposal, upon request from the Legends Ranch

Homeowners' Association, for mowing maintenance and potential landscape improvements along Elan Boulevard and Birnham Woods Drive. A copy of the proposal is attached. The Board took no action on this agenda item.

ENGINEER'S REPORT

Mr. Newman introduced himself and Mr. Williams to the Board. He discussed NNN BTS, LLC's proposed plan to develop a 1.56 acre tract into two potential commercial developments, The Learning Experience and a potential veterinary hospital, located at Aldine Westfield Road and Rayford Road and requested utility connections from the District. Following review and discussion, the Board agreed to provide the necessary utility connections for the 1.56 acre tract and for ABHR to draft a Utility Commitment Letter for Board review and approval at the next meeting.

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 SCUD. He stated the final inspection was held on Friday, July 29, 2016 with the contractor, operator, engineer, and representatives from the SCUD Board. Mr. Abshire stated final punchlist items are being addressed.

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

Mr. Abshire recommended approval of Pay Estimate No. 3 in the amount of \$89,325.00 to Bryan Construction Co. Following review and discussion, Director Grant moved to approve Pay Estimate No. 3 in the amount of \$89,325.00 to Bryan Construction Co. Director Cote seconded the motion, which carried by unanimous vote.

Mr. Abshire reviewed the plan for construction of the wastewater treatment plant, included in the engineer's report. Director Grant requested J&C add sub-bullets to the plan for construction.

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 July, 2016, a copy of which is attached. He stated that the ratio of water billed versus produced for the period from June 16, 2016, to July 18, 2016, was 98%.

Mr. Montgomery presented and reviewed a letter for approval by the Board from MUD No. 88, the District, and SCUD to the Texas House of Representatives, Montgomery County, and the Texas Department of Transportation regarding the Legends Ranch Regional Detention Facilities and the drainage issues caused from the construction of the Grand Parkway. A copy of the letter is attached.

The Board reviewed a letter and draft resolution from the San Jacinto River Authority ("SJRA") regarding nominations for the GRP Contract Review Committee, copies of which are attached. The Board reviewed the candidates and unanimously agreed to nominate Bredawn Riley to the GRP Contract Review Committee.

Following discussion, Director Grant moved to (1) approve the operator's report; (2) authorize execution of the letter regarding the Legends Ranch Regional Detention Facilities and the drainage issues; and (3) approve the Resolution Casting Vote for Candidate for Appointment to GRP Contract Review Committee nominating Bredawn Riley. The motion was seconded by Director Goodman and carried unanimously.

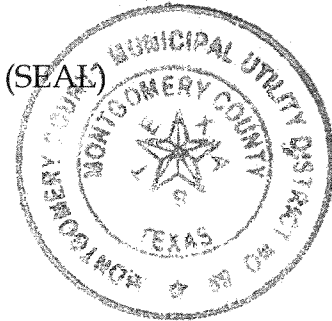
TERMINATION OF WATER SERVICE

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 Grant 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.

DISCUSS WEBSITE, SOCIAL MEDIA, AND NEWSLETTER

The Board did not discuss this item.

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




Secretary, Board of Directors

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