

MINUTES
MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 89

September 1, 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 1st day of September, 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 Matthew May of Best Trash, LLC ("Best Trash"); Anthea Moran of FirstSouthwest, a Division of Hilltop Securities ("FirstSouthwest"); 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 August 4, 2016, regular meeting. Following review and discussion, Director Goodman moved to approve the minutes of the August 4, 2016, regular meeting. The motion was seconded by Director Veasey and passed by unanimous vote.

UNLIMITED TAX REFUNDING BONDS, SERIES 2016

Ms. Moran presented and reviewed a Sources and Uses of Funds analysis for the Unlimited Tax Refunding Bonds, Series 2016, a copy of which is attached. She next presented and reviewed a ranking of underwriters active in the Texas special district market, a copy of which is attached. Discussion ensued by the Board regarding the underwriter for the Unlimited Tax Bonds, Series 2016 Refunding Bond Issue. Following review and discussion, Director Goodman moved to authorize FirstSouthwest to use Raymond James as the underwriter for the refunding bond issue. Director Veasey seconded the motion, which carried by unanimous vote.

PUBLIC HEARING REGARDING DISTRICT'S TAX RATE, ORDER LEVYING TAXES,
AND AMENDMENT TO INFORMATION FORM

The Board conducted a public hearing regarding the District's 2016 tax rate adoption. The Board noted that the District published a total tax rate of \$0.8864 per \$100 of assessed valuation, consisting of \$0.58 to provide for debt service requirements and \$0.3064 to provide for maintenance and operations.

After discussion, Director Cote moved to adopt an Order Levying Taxes ("Order") providing for a 2016 tax rate of \$0.58 per \$100 of assessed valuation to provide for the District's debt service requirements and a tax rate of \$0.3064 per \$100 of assessed valuation to provide for maintenance and operations, for a total 2016 tax rate of \$0.8864 per \$100 of assessed valuation, and to approve the Amendment to Information Form to be filed with the Montgomery County Deed Records and the Texas Commission on Environmental Quality ("TCEQ"). The motion was seconded by Director Grant and carried by unanimous vote.

GARBAGE COLLECTION SERVICES, INCLUDING DISCUSS PROPOSALS FROM
GARBAGE COLLECTION SERVICE PROVIDERS AND AUTHORIZE APPROPRIATE
ACTION

The Board reviewed the proposals from garbage collection service providers discussed at the last meeting. Following review and discussion, Director Goodman moved to amend the District's current contract with Best Trash for a 3-year term in the amount of \$14.75 per residence, including a provision in the contract to add trash carts at any time. Director Cote seconded the motion, which carried by unanimous vote.

LEGENDS RANCH PROPERTY OWNERS ASSOCIATION

The Board discussed the most recent Legends Ranch Property Owners Association ("POA") meeting. Director Cote stated he has volunteered to join the planning committee that the POA established.

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 Veasey seconded the motion, which carried by unanimous vote.

CONDUCT ANNUAL REVIEW OF INVESTMENT POLICY AND ADOPT RESOLUTION REGARDING ANNUAL REVIEW OF INVESTMENT POLICY

The Board deferred discussion on this agenda item to the next meeting pending review of the District's Investment Policy.

ADOPT RESOLUTION ESTABLISHING THE AUTHORIZED DEPOSITORY INSTITUTIONS AND ADOPTING LIST OF QUALIFIED BROKER/DEALERS WITH WHOM THE DISTRICT MAY ENGAGE IN INVESTMENT TRANSACTIONS

The Board deferred discussion on this agenda item to the next meeting.

REPORT ON DRAINAGE CHANNEL MAINTENANCE

There was no report on this agenda item.

The Board discussed Champions Hydro-Lawn, Inc. mowing expenses.

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 SCUD. He stated the final inspection was held on Friday, July 29, 2016, with the contractor, operator, engineer, and representatives from the SCUD Board and all punchlist items are complete except for some minor coating and hydro mulching, which has been delayed due to weather.

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

Mr. Abshire recommended approval of Pay Estimate No. 4 in the amount of \$239,197.50 to Bryan Construction Co. Following review and discussion, Director Grant moved to approve Pay Estimate No. 4 in the amount of \$239,197.50 to Bryan Construction Co. Director Cote seconded the motion, which carried by unanimous vote.

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.

UTILITY COMMITMENT LETTER

The Board reviewed the Utility Commitment Letter between NNN BTS, LLC and the District for the proposed child development center and veterinarian clinic to be located on the 1.5 acre tract on Aldine Westfield Road, north of Rayford Road. Mr.

Abshire stated the developer is requesting a commitment for 2,780 gallons per day of water and wastewater capacity, which is equivalent to eight connections. He noted the Utility Commitment Letter requires a deposit in the amount of \$5,000 for the public utility extension from NNN BTS, LLC. Following review and discussion, Director Goodman moved to approve the Utility Commitment Letter. Director Cote seconded the motion, which carried by unanimous vote.

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. He stated the Year 2 Annual Report will be submitted to the Texas Commission on Environmental Quality by October 30, 2016.

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

The Board reviewed a Notice from the San Jacinto River Authority regarding filing for declaratory judgment to enforce the GRP contract, a copy of which is attached. The Board noted the Notice states Conroe City Council recently adopting a resolution refusing to pay the increase in GRP rates.

Following discussion, Director Veasey moved to approve the operator's report. The motion was seconded by Director Cote 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 Cote and passed by unanimous vote.

DISCUSS WEBSITE, SOCIAL MEDIA, AND NEWSLETTER

The Board discussed receiving a proposal from Off Cinco for the development of a potential District website at the next Board meeting.

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




Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
Sources and Uses of Funds analysis.....	1
Ranking of Underwriters	1
Bookkeeper's report and tax account report.....	2
Engineer's report.....	3
Monthly operator's report	4
Letter from the San Jacinto River Authority	4