

MINUTES  
MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 89

January 5, 2017

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 5<sup>th</sup> day of January, 2017, 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 Fred C. Colston III, a resident of the District; Mike Harrington of American Enterpower; 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 Nikole Cales of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board reviewed the minutes of the December 1, 2016, regular meeting. Following review and discussion, Director Grant moved to approve the minutes as revised. Director Goodman requested minute distribution to the Board sooner. The motion was seconded by Director Riley and passed by unanimous vote.

CONSIDER PROPOSAL REGARDING ELECTRICITY CONTRACT

Mike Harrington of American Enterpower introduced himself to the Board and presented and reviewed an article and chart regarding natural gas price trends, copies of which are attached. He stated gas prices are at an all-time low and recommended the Board consider an electricity contract beginning September of 2018 to lock in rates once the District's current contract with ENGIE Resources, formerly GDF Suez, expires. Following review and discussion, Director Grant moved to approve a 23-month contract with the lowest priced energy provider, in an amount not to exceed \$0.03830 per kWh and authorize to Director Veasey to execute the electricity contract on the District's behalf. Director Cote seconded the motion, which carried by unanimous vote.

DISCUSS WEBSITE, SOCIAL MEDIA, AND NEWSLETTER, INCLUDING DISCUSS WEBSITE PROPOSALS AND AUTHORIZE APPROPRIATE ACTION

Director Grant discussed the possible website. The Board concurred to select Off Cinco to prepare and host the website, contingent upon finalization of website options and the contract and requested Shannon Waugh to attend the next meeting to discuss website options.

LEGENDS RANCH PROPERTY OWNERS ASSOCIATION ("POA")

Director Grant updated the Board regarding POA matters. He stated the area where the dog park was to be located will be flattened and used as a multi-purpose sports field with possible irrigation. Mr. Abshire stated J&C requested from the POA a written statement from Montgomery County that it does not require a drainage plan for the required work area. Mr. Abshire stated Montgomery County does not require a permit for clearing. He noted the POA will be required have a storm water permit. Discussion ensued regarding the possible drainage impact to the District if the area is cleared and regraded. Mr. Abshire stated he recommends the POA seek County approval to ensure the District's drainage is not impacted. He stated initial plans did not show irrigation, but if the POA changes the plans to include irrigation and a water meter, the City of Houston will require the POA plat the land or provide a certificate if the City determines the land does not need to be platted.

The Board discussed the possibility of the District funding the engineering costs to ensure plans meet District standards and do not impact existing drainage. It was noted the POA would need to agree to this as well as to reimburse the District for all fees incurred. Discussion ensued regarding funding the entire project, with the POA reimbursing the District for costs as well as the management of the project.

After discussion, Director Grant moved to authorize the District's engineer to prepare a proposal based on the scope of work defined by the Board with estimated costs for engineering, including but not limited to: platting, designing, bidding process and construction management for a multi-purpose sports field with irrigation and no above ground facilities. Director Veasey III seconded the motion, which passed unanimously. The Board concurred to present the proposal to the POA upon completion and noted should the POA agree, the POA will reimburse the District for all costs incurred.

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. Ms. Garcia responded to questions from the Board. Following review and discussion, Director Cote moved to approve the

bookkeeper's report. Director Veasey seconded the motion, which carried by unanimous vote.

ACCEPT ANNUAL DISCLOSURE STATEMENTS OF THE BOOKKEEPER AND INVESTMENT OFFICER

Mr. Austin explained that the annual disclosure statements required by the Public Funds Investment Act disclose relationships between the District's Investment Officer and bookkeeper with entities or individuals who are offering, have offered, or may offer to engage in an investment transaction with the District. He also explained that the statements would be filed in the District's permanent records and with the Texas Ethics Commission. Following discussion, Director Veasey moved to accept the disclosure statements and authorize filing of the disclosure statements with the Texas Ethics Commission. Director Riley seconded the motion, which carried unanimously.

ANNUAL REPORT REGARDING POST-ISSUANCE COMPLIANCE POLICY

Mr. Austin reported on the District's compliance activities during the prior calendar year related to bond financings. Mr. Austin stated that no corrective action is required at this time.

REVIEW LIST OF LOCAL GOVERNMENT OFFICERS PURSUANT TO CHAPTER 176 OF THE TEXAS LOCAL GOVERNMENT CODE

Mr. Austin stated that pursuant to Chapter 176 of the Texas Local Government Code, the District will maintain a List of Local Government Officers. Mr. Austin reviewed the List of Local Government Officers. After review and discussion, Director Grant moved to approve and authorize execution of the List of Local Government Officers and direct that the List be filed appropriately and retained in the District's official records. Director Cote seconded the motion, which passed by unanimous vote.

REPORT ON DRAINAGE CHANNEL MAINTENANCE

Ms. Wagner reported on drainage channel maintenance. She noted heavy weeds in rip rap along the drainage channel and inquired whether the Board would like a proposal for herbicide in the rip rap areas. The Board concurred they would like a proposal for herbicide in the rip rap areas. Ms. Wagner next reported on maintenance along the north side of Elan Boulevard and Birnham Woods Drive stating Montgomery County Municipal Utility District No. 88 ("MUD 88") is now mowing and maintaining the section.

ENGINEER'S REPORT

Mr. Abshire presented and reviewed with the Board the engineer's report, a copy of which is attached.

Mr. Abshire updated the Board on the Water Plant No. 1 rework.

Mr. Abshire presented and reviewed the reclaimed water feasibility analysis, a copy of which is attached. He stated the cost estimate totals \$3,931,640 for the initial construction of the reclaimed water system. Director Cote inquired whether there are grants/funding for a reclaimed water facility. Mr. Abshire stated reclaimed water users would not be charged the San Jacinto River Authority fee and the District has enough effluent to provide for POA irrigation meters. Director Goodman stated that study should be expanded to consider operating savings and costs.

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

Mr. Abshire recommended approval of Pay Estimate No. 8 in the amount of \$396,659.75 to Bryan Construction Co. Following review and discussion, Director Cote moved to approve Pay Estimate No. 8 in the amount of \$396,659.75 to Bryan Construction Co. Director Goodman 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.

AGREEMENT REGARDING ALLOCATION OF WATER CAPACITY AND JOINT FACILITIES

Discussion ensued regarding this agenda item.

STORM WATER PERMITTING MATTERS

Mr. Abshire updated the Board regarding storm water permitting matters.

OPERATOR'S REPORT

Mr. Montgomery presented and reviewed with the Board a copy of the monthly operator's report for the month of December 2016, a copy of which is attached. He stated that the ratio of water billed versus produced for the period from November 16, 2016, to December 15, 2016, was 97%. Following discussion, Director Riley moved to approve the operator's report. The motion was seconded by Director Veasey 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 Riley 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 Veasey and passed by unanimous vote.

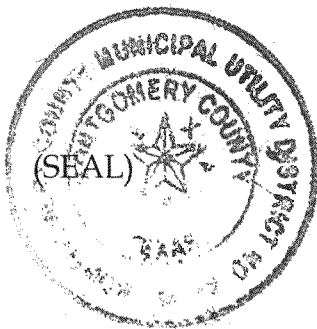
REPORT FROM ADVISORY BOARD

There was no discussion on this agenda item.

CONSIDER RESOLUTION REGARDING CONROE INDEPENDENT SCHOOL DISTRICT SCHOOL ZONES

Director Cote discussed the school rezoning proposal for Grand Oaks High School stating the proposed recommendation from the Conroe Independent School District Board of Trustees (the "CISD Board") is to send Legends Ranch students to Grand Oaks High School. Director Cote recommended the Board submit a resolution to the CISD Board recommending the Legends Ranch neighborhood be zoned to Grand Oaks High School and discussed splitting the junior high school students to two different high schools with an 80/20 split. Following review and discussion, Director Cote moved to approve the resolution to the CISD Board recommending the Legends Ranch neighborhood be zoned to Grand Oaks High School and to split the junior high school students to two different high schools with an 80/20 split.

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



  
Secretary, Board of Directors

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