

MINUTES  
MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 89

March 1, 2018

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 March, 2018, 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:

|                      |                          |
|----------------------|--------------------------|
| Paul Cote            | President                |
| Robert Veasey, III   | Vice President           |
| Bredawn Riley        | Secretary                |
| Shawn Goodman        | Assistant Vice President |
| Fred C. Colston, III | Assistant Secretary      |

and all of the above were present, except Directors Goodman and Colston, thus constituting a quorum.

Also present at the meeting were Shannon Waugh of Off Cinco; Anthea Moran of Hilltop Securities, Inc.; 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 Perry of Myrtle Cruz, Inc. ("Myrtle Cruz"); and Tim Austin and Ashley Ramos of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board reviewed the minutes of the February 1, 2018, regular meeting. Following review and discussion, Director Veasey moved to approve the minutes. The motion was seconded by Director Riley and passed by unanimous vote.

DISTRICT WEBSITE MATTERS

The Board discussed including an addition to the Frequently Asked Questions page included on the District's website related to the District's meeting place. Ms. Waugh stated Off Cinco will update the Frequently Asked Questions page with the approved addition.

Ms. Waugh presented and reviewed Exhibit A to the District's Service Agreement with Off Cinco, a copy of which is attached. Discussion ensued. Following review and discussion, Director Cote moved to approve Exhibit A to the District's Service Agreement with Off Cinco, which increased the monthly base fee to \$250 and

added the pay per use text alert upgrade in the amount of \$50 per text alert. Director Riley seconded the motion, which carried by unanimous vote.

The Board requested Off Cinco add the Board of Directors to the website traffic report's monthly distribution list.

The Board discussed including water conservation public education reports to the District's website quarterly. Mr. Montgomery stated MOC will provide Off Cinco with quarterly water conservation public education reports to include on the District's website.

#### LEGENDS RANCH PROPERTY OWNERS ASSOCIATION ("POA")

The Board discussed POA matters.

#### BOOKKEEPER'S AND TAX ACCOUNT REPORT

Ms. Perry 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 Veasey moved to approve the bookkeeper's report. Director Riley seconded the motion, which carried by unanimous vote.

#### RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

Ms. Moran presented and reviewed a 2018 Homestead Exemption Analysis and sample impact of homestead exemption on tax bill with the Board, a copy of which is attached. Discussion ensued regarding granting a homestead exemption. Following review and discussion, the Board deferred action on adopting the Resolution Concerning Exemptions from Taxation.

#### REPORT ON DRAINAGE CHANNEL MAINTENANCE

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

#### ENGINEER'S REPORT

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

Mr. Abshire stated there was no update from Wild Rose Farm, LLC regarding the commercial development composed of retail and office space to be located on the approximate 3.1 acre tract.

Mr. Abshire reported on the plans for Water Plant Nos. 1 and 2 improvements. He stated J&C recommends recoating Hydro-Tank Nos. 1 and 2 at Water Plant No. 2 and to install security cages on the exterior ladders on both ground storage tanks at Water Plant No. 1. Mr. Abshire stated the improvements are included on the Capital Improvement Plan and should be scheduled for late 2018.

Mr. Abshire reported on the Montgomery County Precinct 3 Rayford Road widening project. He stated J&C has requested to review the construction plans for the project related to the drainage improvements included within the plans. Mr. Abshire presented and reviewed Rayford Road overall drainage area maps, copies of which are included in the engineer's report. Following review and discussion, the Board requested that ABHR and J&C prepare a letter to Montgomery County to request feedback regarding their drainage concerns for extreme event situations.

#### DISCUSS WATER CAPACITY REQUEST FROM MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 88

Mr. Abshire updated the Board regarding MUD 88's request for water capacity from the District and Spring Creek Utility District ("SCUD"). He stated the attorney for MUD 88 and SCUD is preparing an amendment to the Water Facilities Contract by and Among the District, MUD 88, and SCUD.

#### 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 updated the Board regarding storm water permitting matters stating J&C is continuing with year 4 administrative services.

#### OPERATOR'S REPORT

Mr. Montgomery presented and reviewed with the Board a copy of the monthly operator's report for the month of February 2018, a copy of which is attached. He stated that the ratio of water billed versus produced for the period from January 15, 2018, to February 14, 2018, was 98%.

Mr. Montgomery reported on the joint/central drainage facility weir and stormwater pump station grate improvements. He stated FEMA has submitted an offer of reimbursement to SCUD. Following review and discussion, Director Veasey authorized SCUD to accept the offer for reimbursement from FEMA. Director Riley seconded the motion, which passed by unanimous vote.

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

#### AMEND RATE ORDER

This item was deferred until the next meeting.

#### 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.

#### CONDUCT ANNUAL REVIEW OF DROUGHT CONTINGENCY PLAN

Mr. Austin reviewed the District's Drought Contingency Plan and the Board agreed that no revisions are necessary to the plan at this time.

#### APPROVE ANNUAL REPORT ON WATER CONSERVATION PLAN ("WCP") AND AUTHORIZE SUBMITTAL TO THE SAN JACINTO RIVER AUTHORITY

Mr. Montgomery stated that MOC will file the WCP annual report. After discussion, Director Veasey moved to approve the WCP annual report. Director Riley seconded the motion, which carried by unanimous vote.

#### REPORT FROM ADVISORY BOARD

There was no discussion on this agenda item.

#### 2018 DIRECTORS ELECTION

Mr. Austin discussed procedures related to the 2018 Directors Election. He presented a Certificate Declaring Unopposed Status of Candidates for Election to the Board of Directors executed by the Board Secretary stating that the District received three candidate applications for the three director positions for the May 5, 2018, Directors Election. Following review and discussion, Director Riley moved to accept the Certificate Declaring Unopposed Status of Candidates for Election to the Board of Directors. Director Cote seconded the motion, which passed unanimously.

Mr. Austin presented an Order Cancelling Election and Declaring Unopposed Candidates Elected to Office stating that the May 5, 2018, Directors Election is cancelled and that the unopposed candidates, Paul Cote, Shawn Goodman, and Fred C. Colston III, are declared elected to office to serve from the May 5, 2018, election until the May 7, 2022, Directors Election. Following review and discussion, Director Riley moved to adopt the Order Cancelling Election and Declaring Unopposed Candidates Elected to Office. The motion was seconded by Director Cote and passed unanimously.

Mr. Austin discussed that the Board had approved entering into a contract with Montgomery County (the "County") to administer the District's 2018 Directors Election. After discussion, Director Riley moved to cancel the contract with the County for election services for the May 5, 2018 Directors Election. Director Cote seconded the motion, which passed unanimously.

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



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Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

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