

MINUTES  
MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 89

January 3, 2019

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 3rd day of January, 2019, 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, thus constituting a quorum.

Also present at the meeting were Ben Slotnick, a resident of the District; Caleb and Micah Burson of Accurate Meter & Supply ("Accurate"); Lenny Hardoin of Champions Hydro-Lawn, Inc. ("Champions"); Justin Abshire of Jones & Carter, Inc. ("J&C"); John Montgomery of Municipal Operations & Consulting, Inc. ("MOC"); Erin Garcia 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 December 6, 2018, regular meeting. Following review and discussion, Director Goodman moved to approve the minutes, as presented. The motion was seconded by Director Veasey and passed by unanimous vote.

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.

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 Goodman seconded the motion, which carried unanimously.

#### REPORT ON DRAINAGE CHANNEL MAINTENANCE

Mr. Hardoin 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 updated the Board regarding the construction of the Water Plant Nos. 1 and 2 improvements.

#### PROFESSIONAL SERVICES AGREEMENT WITH JONES & CARTER, INC.

Discussion of this item was deferred to the next regular meeting.

#### 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 5 administrative services.

#### REPORT FROM ADVISORY BOARD, INCLUDING UPDATE ON TRANSPORTATION IMPROVEMENT PROGRAM APPLICATION FOR SIDEWALK EXTENSIONS ALONG BIRNHAM WOODS DRIVE

Mr. Abshire updated the Board regarding the status of the status of the Transport Improvement Program Application for sidewalk extensions along Birnham Woods Drive.

## 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.

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

Mr. Abshire reported on the silt buildup issue around Lake No. 3, which was discussed at the November Board meeting. He reviewed pictures of the silt build-up with the Board, a copy of which is attached. Mr. Abshire stated J&C met with Champions on site to discuss potential improvements to the bulkhead on the northern end of Lake No. 3 to help prevent future silt build-up. Mr. Hardoin presented and reviewed proposals for three levels of work prepared by Champions. He presented and reviewed proposal no. 1 in the amount of \$17,900.00 to build a retaining wall on the east end of Lake No. 3, remove silt, fill and compact low section with clay, add topsoil, and to establish turf. Mr. Hardoin next presented and reviewed proposal no. 2 in the amount of \$9,625.00 to remove landscape, excavate sinkholes, and improve and regrade the slope on the east end of Lake No. 3. He then presented and reviewed proposal no. 3 in the amount of \$4,700.00 to re-establish landscaping around the east end of Lake No. 3. The Board discussed combining proposal nos. 1 and 2 for the retaining wall and slope repair. Mr. Hardoin stated he will combine the two proposals as one for review by the Board at the next meeting. The Board suggested that J&C meet with the POA to discuss the repairs to Lake No. 3 and to present the proposals prepared by Champions. Director Cote stated he will contact the POA to schedule a meeting for J&C to present the proposals for the repairs to Lake No. 3. Following review and discussion, the Board took no action on this agenda item.

## OPERATOR'S REPORT

Mr. Montgomery presented and reviewed with the Board a copy of the monthly operator's report for the month of December 2018, a copy of which is attached. He stated that the ratio of water billed versus produced for the period from November 14, 2018, to December 13, 2018, was 98%. Mr. Montgomery then presented three accounts requested to be written off as uncollectable.

Mr. Montgomery updated the Board regarding the Potential Violations and/or Records Requested form from the Texas Commission on Environmental Quality's regional office (the "TCEQ") regarding a joint facilities inspection that occurred December 16, 2009, which was discussed at the last meeting. He stated MOC is working with the TCEQ to resolve the non-compliance issue.

Following discussion, Director Goodman moved to approve the operator's report, including the three accounts to be written off as uncollectible. 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 Goodman 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.

#### AUTOMATED SMART WATER METER REPLACEMENT PROGRAM

Mr. Caleb Burson reviewed the cost of the installation and replacement of the District's meters with smart meters, stating the cost is approximately \$673,620.00, with a monthly subscription cost of \$1,458.71. Discussion ensued. The Board reviewed a Services Agreement between the District and Accurate Utility Supply, LLC ("Services Agreement"). The Board next reviewed a Badger Meter Beacon AMA Managed Solution Master Agreement between the District and Badger Meter, Inc. ("Badger Agreement"). Mr. Caleb Burson added the District will receive a 2% cash discount on the cost of the equipment. Following review and discussion, Director Colston moved to (1) approve the Services Agreement, subject to final review and the 2% cash discount on the cost of the equipment; and (2) approve the Badger Agreement, subject to legal review. Director Veasey seconded the motion, which carried by a unanimous vote.

#### AMEND RATE ORDER FOR ANNUAL CPI ADJUSTMENT ON THE GARBAGE COLLECTION RATE

The Board discussed amending the District's Rate Order to adjust the District's sewer rate for the annual CPI adjustment on the garbage collection rate. Following review and discussion, the Board unanimously concurred to take no action on amending the Rate Order at this time and to defer discussion of this agenda item to the August meeting, which will include discussion of the District's budget for fiscal year end August 31, 2020.

REPORT ON SAN JACINTO RIVER AUTHORITY ("SJRA") MATTERS

Mr. Austin reported on his discussions with the involved parties in determining how other participants are handling the payment of the SJRA fees considering various lawsuits. The Board next discussed withholding payment of the SJRA fees. Following discussion, the Board unanimously concurred to continue paying SJRA fees.

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



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Secretary, Board of Directors

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