

MINUTES
MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 89

February 7, 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 7th day of February, 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 except Directors Colston and Goodman, thus constituting a quorum.

Also present at the meeting were 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"); Lance Malmgren of Wild Rose Farm, LLC; and Tim Austin and Nikole Cales of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board reviewed the minutes of the January 3, 2018, regular meeting. Following review and discussion, Director Veasey moved to approve the minutes, as presented. The motion was seconded by Director Riley and passed by unanimous vote.

LEGENDS RANCH PROPERTY OWNERS ASSOCIATION ("POA")

Mr. Abshire updated the Board regarding the POPA matters and reported he attended a recent POA meeting. He stated he is expecting a "no objection" letter from the POA for the bulkhead project. He reported Champions will discuss the proposed solutions to address the silt buildup issue around Lake No. 3, which was discussed at the November Board meeting.

APPROVE ANNUAL REPORT AND AUTHORIZE FILING OF SAME IN ACCORDANCE WITH THE DISTRICT'S CONTINUING DISCLOSURE OF INFORMATION AGREEMENT

Mr. Austin stated that, as part of the District's continuing disclosure obligations, the District is required to file its annual report with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access System ("EMMA"), pursuant to SEC Rule 15c2-12. Following review and discussion, Director Riley moved to approve the Annual Report, authorize ABHR to file the Report through EMMA, and direct that the Report be filed appropriately and retained in the District's official records. Director Veasey seconded the motion, which passed by unanimous vote.

ANNUAL REVIEW OF PROCEDURES FOR CONTINUING DISCLOSURE COMPLIANCE

The Board reviewed the District's procedures for continuing disclosure compliance. Mr. Austin stated that no changes are required at this time.

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. She noted a hand written check will be issued to pay the joint facilities invoice, but the amount was not available due to the timing of the District's meeting. Ms. Garcia stated the check will be reflected on next month's report. Following review and discussion, Director Riley moved to approve the bookkeeper's report. Director Cote seconded the motion, which carried by unanimous vote.

ASSOCIATION OF WATER BOARD DIRECTORS CONFERENCE

The Board discussed the Association of Water Board Directors ("AWBD") winter conference and considered authorizing attendance at the AWBD summer conference. After discussion, Director Riley moved to authorize attendance at the AWBD summer conference. Director Veasey seconded the motion, which carried by unanimous vote.

Director Cote stated he would like the Board to consider implementing a preemptive communication plans to utilize during emergency or sudden events that require notification to District residents. Mr. Montgomery discussed MOC's protocol for dissemination of information to District residents when necessary.

RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

Mr. Austin reviewed the Resolution Concerning Exemptions from Taxation (the "Resolution"). Discussed ensued regarding the Resolution. After discussion, Director Veasey moved to adopt the Resolution granting a \$20,000 exemption from ad valorem

taxation of the appraised value of residence homesteads of individuals who are disabled or are sixty-five years of age or older and a homestead exemption of 5% of the appraised value (but not less than \$5,000) of the residence homesteads of married or unmarried adults, including one living alone. Director Riley seconded the motion, which carried by unanimous vote.

REPORT ON DRAINAGE CHANNEL MAINTENANCE

Mr. Hardoin presented and reviewed a report from Champions, a copy of which is attached. He then reviewed proposals to complete the following work: 1.) improve and regrade the slope on the east end of the detention amenity pond near 3211 Serein Meadows Drive in the amount of \$9,625; and 2.) build a retaining wall on the east end of the detention amenity pond at 3211 Serein Meadows Drive in the amount of \$21,236. After review and discussion, Director Riley moved to approve both proposals, as presented. Director Veasey seconded the motion, which passed unanimously. The Board requested Champions ensure the large rocks in the area are preserved and placed where they are aesthetically pleasing, without impeding repairs or drainage in the area.

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.

The Board concurred to defer this item.

POTENTIAL DEVELOPMENT OF AN APPROXIMATE 3.09-ACRE TRACT OF LAND WITHIN THE DISTRICT

Mr. Malmgren discussed the possible development of the 3.09-acre at the corner of Canton Ranch Drive and Legends Ranch Drive. An exhibit of the tract is included in the engineer's report. He inquired if the Board would consider adjusting the tap installation fee. Director Cote stated the Board has received similar requests and has not granted them in the past.

Mr. Malmgren discussed the private sanitary sewer line that currently runs through the property. He stated he is considering moving the line or installing a new sanitary sewer line and inquired if the District would consider accepting and maintaining the current line or reimbursing him for a newly installed line.

Director Cote expressed his desire to have a secondary access point to the property, a retaining wall installed along the part of the property that backs up to

residential homes, for the development to conform with neighborhood standards and for the parcel containing the marquee sign to be conveyed to the POA. Mr. Malmgren noted he does not own the property that the marquee sign is installed on, but he would be amenable to assisting the District with facilitating the transfer of the property with the owner.

LONG-TERM PLAN

There was no discussion regarding this matter.

STORM WATER PERMITTING MATTERS

There was no discussion regarding this matter.

OPERATOR'S REPORT

Mr. Montgomery presented and reviewed with the Board a copy of the monthly operator's report for the month of January 2019, a copy of which is attached. He stated that the ratio of water billed versus produced for the period from December 13, 2018, to January 10, 2019, was 96%. Mr. Montgomery then presented five 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 December meeting.

Mr. Montgomery reported on the FEMA claim for the joint/central drainage facility weir and stormwater pump station grate improvements. He stated FEMA has denied claim appeal. After discussion, the Board concurred not to appeal a second time.

Mr. Montgomery then presented and reviewed a proposal in the amount of \$3,100 for a road driveway at the wastewater treatment plant.

Following discussion, Director Veasey moved to approve (1) the operator's report, including the five accounts to be written off as uncollectible; and (2) the proposal for a road driveway at the wastewater treatment plant in the amount of \$3,100. The motion was seconded by Director Riley and carried unanimously.

CONSIDER DEFERRAL OF WATER TERMINATIONS FOR FEDERAL EMPLOYEES

The Board discussed the possibility of deferral of water termination for furloughed federal employees. After review and discussion, Director Cote moved to defer water termination for furloughed federal employees. The motion was seconded by Director Riley and carried unanimously.

AUTOMATED SMART WATER METER REPLACEMENT PROGRAM

The Board discussed possible changes and concerns to the agreements with Badger Meter, Inc. and Accurate Utility Supply, LLC, which were presented at the last meeting. After discussion, the Board concurred to approve the agreements as submitted.

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 Riley and passed by unanimous vote.

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

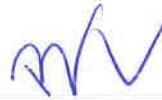
Mr. Abshire updated the Board regarding the status of the status of the Transport Improvement Program Application for sidewalk extensions along Birnham Woods Drive. He stated that Harris-Galveston Subsidence District submitted their preliminary recommendations to the Technical Advisory Committee. He reported that the Board's project was not deemed a priority.

Director Cote updated the Board regarding transportation matters.

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.



Secretary, Board of Directors

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