

MINUTES  
MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 89

June 6, 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 6th day of June, 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
Vacant	Assistant Secretary

and all of the above were present, except Director 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"); Richard Rankel and Ben Slotnick, residents of the District; and Tim Austin and Holly Huston of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board reviewed the minutes of the May 2, 2019, regular meeting. Following review and discussion, Director Veasey moved to approve the minutes, as written. The motion was seconded by Director Riley and passed by unanimous vote.

DISTRICT'S INSURANCE POLICIES

This item was deferred to the next meeting.

ARBITRAGE REBATE REPORT FOR THE SERIES 2014 BONDS

The Board reviewed a report from OmniCap, LLC, concluding that there were no excess earnings in the District's Series 2014 Bonds and that no rebate for cumulative yield restriction liability is due to the Internal Revenue Service at the computation date for the Series 2014 bond series.

LEGENDS RANCH PROPERTY OWNERS ASSOCIATION ("POA")

Mr. Abshire and Director Cote updated the Board regarding the POA matters.

DISCUSS POSSIBLE AMENDMENT TO AGREEMENT WITH SPRING CREEK UTILITY DISTRICT ("SCUD") FOR DRAINAGE MAINTENANCE

Mr. Austin presented and reviewed a letter to SCUD regarding the District's joint detention facilities. Following review and discussion, the Board concurred to authorize ABHR to submit the letter to SCUD, subject to final review and approval by the Board.

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 noted check no. 6320 payable to Director Goodman in the amount of \$196.53 will be voided as Director Goodman did not attend today's Board meeting.

Director Riley requested Ms. Garcia hold check no. 6332 payable to Accurate Utility Supply ("Accurate") in the amount of \$130,275.00, until the installation of the Smart Meters has been completed.

Following review and discussion, Director Riley moved to (1) approve the bookkeeper's report; (2) authorize Myrtle Cruz to void check no. 6320 payable to Director Goodman; and (3) authorize Myrtle Cruz to hold check no. 63320 payable to Accurate until completion of the Smart Meter installation. Director Veasey seconded the motion, which carried by unanimous vote.

AUTHORIZE DELINQUENT TAX ATTORNEY TO PROCEED WITH COLLECTION

The Board considered authorizing the District's delinquent tax attorney, Perdue, Brandon, Fielder, Collins & Mott, L.L.P. ("Perdue Brandon"), to proceed with the collection of delinquent taxes owed to the District as of July 1, 2019. After review and discussion, Director Veasey moved to authorize Perdue Brandon to proceed with the collection of delinquent taxes outstanding as of July 1, 2019. Director Riley seconded the motion, which passed unanimously.

REPORT ON DRAINAGE CHANNEL MAINTENANCE

Mr. Hardoin presented and reviewed a report from Champions, a copy of which is attached. He updated the Board regarding repairs to Lake No. 3 and stated irrigation has been checked in the area.

ENGINEER'S REPORT

Mr. Abshire presented and reviewed with the Board the engineer's report, a copy of which is attached. He stated the annual water plant inspection required by the Texas Commission on Environmental Quality ("TCEQ") has been completed and there are no

issues to report. After review and discussion, Director Veasey moved to approve the engineer's report. Director Riley seconded the motion, which passed unanimously.

Discussion ensued concerning a memo from A&S Engineers, Inc. ("A&S"), regarding the Central Detention Pond storm water pump station rehabilitation. A copy of which is attached to the engineers report.

#### POTENTIAL DEVELOPMENT OF 3.09-ACRE TRACT

Mr. Abshire updated the Board on correspondence regarding the potential development of a 3.09-acre tract of land with the District. He reported the Developer has requested J&C to perform a cost analysis and feasibility study to analyze the existing private sanitary and storm sewer facilities, consider options for public dedication, and reimbursement of facilities for the tract. Following review and discussion, Director Veasey moved to authorize J&C to perform the feasibility study, subject to receipt of a \$5,000 deposit from the Developer. Director Riley seconded the motion, which passed unanimously.

#### LONG TERM PLAN

Mr. Abshire presented and reviewed a copy of the current five-year Capital Improvements plan, a copy of which was included in his report.

#### STORM WATER PERMITTING MATTERS

Mr. Abshire updated the Board on Storm Water Permitting Matters.

#### REPORT FROM ADVISORY BOARD, INCLUDING ALTERNATIVE FUND SOURCES FOR THE SIDEWALK EXTENSIONS ALONG BIRNHAM WOODS DRIVE

Mr. Abshire stated J&C is researching alternative funding sources for sidewalk extensions along Birnham Woods Drive. He reported there is no update at this time.

#### OPERATOR'S REPORT

Mr. Montgomery presented and reviewed with the Board a copy of the monthly operator's report for the month of May 2019, a copy of which is attached. He stated that the ratio of water billed versus produced for the period from April 11, 2019 to May 10, 2019, was 98%. Mr. Montgomery then presented one account requested to be written off as uncollectable.

Mr. Montgomery presented and reviewed a letter from Ms. Colston regarding the passing of Director Fred C. Colston, III, a copy of which is attached.

Discussion continued concerning the memo from A&S, regarding the Central Detention Pond storm water pump station rehabilitation. Mr. Montgomery reported A&S has submitted a preliminary cost estimate of \$140,500.00, however MOC feels that the pump station rehabilitation will cost at least \$350,000.00 as the estimate does not

include a conveyor system and rain gauges. He reported the District's share will be 40.8% of the total contract price. No action was taken at this time.

Following discussion, Director Veasey moved to approve the operator's report, including the one account to be written off as uncollectible. The motion was seconded by Director Riley and carried unanimously.

#### AUTOMATED SMART WATER METER REPLACEMENT PROGRAM

The Board discussed the community event on Saturday, June 29, 2019, and concurred to set up an informational booth to provide residents with information regarding the transition to smart meters and Water Smart information.

#### 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.

#### APPOINTMENT OF NEW DIRECTOR

Mr. Rankel introduced himself to the Board, presented his qualifications, and requested Board consideration in appointing his to the vacant position

Mr. Slotnick introduced himself to the Board, presented his qualifications, and requested Board consideration in appointing his to the vacant position.

#### CONVENE IN EXECUTIVE SESSION PURSUANT TO SECTION 551.074, TEXAS GOVERNMENT CODE, TO DELIBERATE THE APPOINTMENT, EMPLOYMENT, EVALUATION, REASSIGNMENT, DUTIES, DISCIPLINE, OR DISMISSAL OF A PUBLIC OFFICER OR EMPLOYEE

At 12:40 p.m., Director Cote announced that the Board would convene in executive session. All other attendees left the meeting except for the Board members, and Mr. Austin.

#### RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

At 12:53 p.m., Director Cote announced that the Board would reconvene in open session.



APPOINTMENT OF NEW DIRECTOR CONTINUED

The Board concurred to defer action on this item.

APPROVE SWORN STATEMENT, OFFICIAL BOND, AND OATH OF OFFICE

The Board concurred to defer action on this item.

REORGANIZE THE BOARD AND AUTHORIZE EXECUTION OF DISTRICT REGISTRATION FORM

The Board concurred to defer action on this item.

AUTHORIZE FILING OF DISTRICT REGISTRATION FORM WITH TEXAS COMMISSION ON ENVIRONMENTAL QUALITY ("TCEQ")

The Board concurred to defer action on this item.

DISCUSS OPEN MEETINGS ACT AND PUBLIC INFORMATION ACT TRAINING REQUIREMENTS

The Board concurred to defer action on this item.

CONFLICT OF INTEREST DISCLOSURE REQUIRED UNDER CHAPTER 176 OF THE TEXAS LOCAL GOVERNMENT CODE AND LIST OF LOCAL GOVERNMENT OFFICERS

The Board concurred to defer action on this item.

CONVENE IN EXECUTIVE SESSION PURSUANT TO SECTION 551.087, TEXAS GOVERNMENT CODE, TO DISCUSS OR DELIBERATE REGARDING THE OFFER OF A FINANCIAL OR OTHER INCENTIVE TO A BUSINESS PROSPECT

The Board did not convene in this executive session.

Mr. Austin reviewed correspondence received from the San Jacinto River Authority (the "Authority"). Discussion ensued regarding conversion and permitting requirements from the Authority.

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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