

MINUTES
MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 89

July 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 July, 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, thus constituting a quorum.

Also present at the meeting were John Flippo of Cross Development; Shara Cote, resident of the District; Justin Abshire of Jones & Carter, Inc. ("J&C"); Erin Garcia of Myrtle Cruz, Inc. ("Myrtle Cruz"); and Katie Sherborne and Holly Huston of Allen Boone Humphries Robinson LLP ("ABHR").

APPOINTMENT OF NEW DIRECTOR

The Board considered appointing a new director. After discussion, Director Goodman moved to appoint Ben Slotnick to fill the vacancy on the Board. Director Riley seconded the motion, which carried by unanimous vote.

APPROVE SWORN STATEMENT, OFFICIAL BOND, AND OATH OF OFFICE

The Board next considered approving the Sworn Statement, Oath of Office, and Official Bond for Benjamin Slotnick. After discussion, Director Goodman moved to approve the Sworn Statement, Official Bond, and Oath of Office for Director Slotnick. Director Riley seconded the motion, which was approved by unanimous vote.

REORGANIZE THE BOARD AND AUTHORIZE EXECUTION OF DISTRICT REGISTRATION FORM

The Board reviewed the current Board of Directors organization and officers. Following discussion, Director Goodman moved to approve the officers' positions as follows:

Paul Cote	President
Robert Veasey, III	Vice President
Bredawn Riley	Secretary
Shawn Goodman	Assistant Vice President
Benjamin Slotnick	Assistant Secretary

Director Riley seconded the motion, which carried unanimously.

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

The Board then considered authorizing execution of a District Registration Form. Ms. Sherborne stated that a revised District Registration Form must be executed and submitted to the TCEQ identifying the new director's term and office. After review and discussion, Director Goodman moved to authorize execution of the District Registration Form and direct that the Registration Form be filed appropriately and retained in the District's official records. Director Riley seconded the motion, which carried unanimously.

DISCUSS OPEN MEETINGS ACT AND PUBLIC INFORMATION ACT TRAINING REQUIREMENTS

Ms. Sherborne reviewed a memorandum from ABHR regarding Open Meetings Act training requirements, a copy of which is attached. Ms. Sherborne said that the Texas Legislature requires each elected or appointed public official to complete a course of training regarding the responsibilities of the governmental body and its members under the Texas Open Meetings Act within ninety days of receiving the appointment.

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

Ms. Sherborne next reviewed Chapter 176 of the Texas Local Government Code, which requires directors and consultants to disclose certain conflicts of interest. She reviewed the forms adopted by the Texas Ethics Commission for making disclosures under Chapter 176 and noted that the forms are required to be filed with the records administrator for the District within seven days of a disclosable conflict arising. Ms. Sherborne asked the Board members to contact ABHR if assistance is needed in determining whether a conflict requires disclosure or in making a required disclosure. A copy of the Conflict of Interest Disclosure memorandum is attached.

Ms. Sherborne stated that pursuant to Chapter 176 of the Texas Local Government Code, the District maintains a List of Local Government Officers. She next reviewed the List of Local Government Officers and noted that Director Slotnick

has been added to the list. After review and discussion, Director Goodman 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 Riley seconded the motion, which passed by unanimous vote.

MINUTES

The Board reviewed the minutes of the June 6, 2019, regular meeting. Following review and discussion, Director Goodman moved to approve the minutes, as written. The motion was seconded by Director Veasey and passed by unanimous vote.

DISTRICT'S INSURANCE POLICIES

This item was deferred to the next meeting.

ARBITRAGE REBATE REPORT FOR THE SERIES 2009 BONDS

The Board reviewed a report from OmniCap, LLC, concluding that there were no excess earnings in the District's Series 2009 Bonds and that no rebate for cumulative yield restriction liability is due to the Internal Revenue Service at the computation date for the Series 2009 bond series.

LEGENDS RANCH PROPERTY OWNERS ASSOCIATION ("POA")

Mr. Abshire updated the Board regarding the POA matters.

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

This item was deferred.

ENGAGE AUDITOR TO CONDUCT AUDIT FOR FISCAL YEAR END AUGUST 31, 2019

The Board discussed engaging Breedlove & Co., P.C. ("Breedlove") to conduct the District's audit for the fiscal year ending August 31, 2019. Director Cote requested clarification on which of the District's consultants confirms that the District's operator is properly collecting the resident's water bills. Ms. Garcia stated that Myrtle Cruz reviews every invoice received from the District's operator and confirms the District's accounts are properly accounted for. Director Cote requested J&C to prepare a report regarding what water actually costs in the District so that the Board may determine if the District's rates should be adjusted. After discussion, Director Goodman moved to engage Breedlove to conduct the District's audit for the fiscal year ending August 31, 2019. Director Riley seconded the motion, which carried by unanimous vote.

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.

Director Goodman requested clarification on the water and sewer revenue received in the District's operating fund. Ms. Garcia gave an overview of the District's operating fund and relayed back to the Board's earlier discussion on how Myrtle Cruz reviews the invoices from the District's operator to confirm the amount of revenue received from the commercial and residential connections within the District.

Discussion ensued regarding check no. 6354 payable to Accurate Utility Supply ("Accurate") in the amount of \$130,275.00.

The Board next discussed the Notice of Amended Rate Order for GRP Participants from the San Jacinto River Authority ("SJRA"), noting the pumpage and import fee will increase from the current rate of \$2.64/1000 gallons to \$3.15/1000 gallons. Director Cote requested Board authorization to coordinate with Directors of surrounding municipal utility districts ("MUDs") to schedule a joint meeting in September or October to discuss the SJRA and the pumpage fee increases.

Following review and discussion, Director Goodman moved to (1) approve the bookkeeper's report; (2) authorize Myrtle Cruz to hold check no. 6354 payable to Accurate until completion of the Smart Meter installation is confirmed by the District's operator; and (3) authorize Director Cote to coordinate with Directors of surrounding MUDs to schedule a joint meeting in September or October to discuss the SJRA and the pumpage fee increases. Director Veasey seconded the motion, which carried by unanimous vote.

BUDGET FOR THE FISCAL YEAR END AUGUST 31, 2020

Ms. Garcia reviewed a draft budget for the District's August 31, 2020, fiscal year end and a joint facility budget for fiscal year ending August 31, 2020, copies of which are included in the bookkeeper's report. The Board concurred to defer action on this agenda item.

DISCUSS ASSOCIATION OF WATER BOARD DIRECTORS SUMMER CONFERENCE AND APPROVE REIMBURSEMENT OF ELIGIBLE EXPENSES, AND AUTHORIZE ATTENDANCE AT THE ASSOCIATION OF WATER BOARD DIRECTORS WINTER CONFERENCE

The Board discussed the Association of Water Board Directors ("AWBD") summer conference. After discussion, Director Goodman moved to approve reimbursement of eligible expenses from the summer conference and authorize attendance at the AWBD

winter conference in Dallas, Texas. Director Veasey seconded the motion, which carried by unanimous vote.

REPORT ON DRAINAGE CHANNEL MAINTENANCE

There was no discussion on this agenda item.

ENGINEER'S REPORT

Mr. Abshire presented and reviewed with the Board the engineer's report, a copy of which is attached. After review and discussion, Director Veasey moved to approve the engineer's report. Director Goodman seconded the motion, which passed unanimously.

POTENTIAL DEVELOPMENT OF 3.09-ACRE TRACT

Mr. Abshire presented and reviewed the feasibility study for the Sanitary and Storm Sewer for Public Dedication of the 3.09-acre tract, a copy of which is attached. He reported that the study concluded that if the District chooses to reimburse for the sanitary and storm sewer facilities, the estimated preliminary cost, which includes engineering fees and contingencies is \$190,000.00. Director Cote expressed the District residents' 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, for the parcel containing the marquee sign to be conveyed to the POA, and for the developer to coordinate a special meeting with the District and the POA to discuss the aforementioned requests. Mr. Flippo reported he will reach out to Lance Malmgren of Wild Rose Farm, LLC, to discuss the Board's requests. The Board concurred to take no action at this time.

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 presented the proposed Notice of Intent ("NOI") and Storm Water Management Program ("SWMP") prepared for the District in accordance with the requirements set forth in the TPDES General Permit No. TXR040000. He discussed the goals and responsibilities identified in the SWMP for future implementation during the five-year permit term. Following review and discussion, Director Veasey moved to approve the NOI and SWMP, authorize submittal to the TCEQ, and direct that the NOI and SWMP be filed appropriately and retained in the District's official records. Director Goodman seconded the motion, which was approved by unanimous vote.

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

The Board reviewed a copy of the monthly operator's report for the month of June 2019, a copy of which is attached. He stated that the ratio of water billed versus produced for the period from May 10, 2019 to June 10, 2019, was 99%. The Board then reviewed two accounts requested to be written off as uncollectable. Following discussion, Director Goodman moved to approve the operator's report, including the two account to be written off as uncollectible. The motion was seconded by Director Riley and carried unanimously.

CENTRAL DETENTION POND STORM WATER PUMP STATION REHABILITATION

Mr. Abshire updated the Board regarding the Central Detention Pond storm water pump station rehabilitation. Discussion ensued regarding scheduling a special meeting during the week of August 6th with SCUD and Montgomery County Municipal Utility District No. 88 ("MUD 88") to discuss potential repairs, maintenance, and possible improvements to the pump station. Director Cote requested Board authorization to attend the upcoming SCUD and MUD 88 Board meetings to gather information from them regarding the status of the pump station rehabilitation. Following discussion, the Board concurred to (1) authorize ABHR to coordinate a special meeting between SCUD and MUD 88 during the week of August 6, 2019 at the offices of Municipal Operations & Consulting, Inc., 27316 Spectrum Way, Oak Ridge North, Texas 77385; and (2) authorize Director Cote to attend the upcoming Board meetings for SCUD and MUD 88.

AUTOMATED SMART WATER METER REPLACEMENT PROGRAM

There was no discussion on this agenda item.

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 Riley and passed by unanimous vote.

DISCUSSION OF NEXT TOWN HALL MEETING

The Board discussed the upcoming special meeting within the District on October 10, 2019, at 6:30 p.m., which will be open to the community to address District matters and water smart matters.

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.

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



Asst.

Secretary, Board of Directors

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