

MINUTES  
MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 89

September 5, 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 5th day of September, 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
Ben Slotnick	Assistant Secretary

and all of the above were present, thus constituting a quorum.

Also present at the meeting were Christie Leighton of Best Trash, LLC ("Best Trash"); Mark Smith and Matthew Corley of San Jacinto River Authority ("SJRA"); Steve Startzell of Waste Corporation of America; Shara Cote and Paris Cote, residents of the District; Diego Burgos 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, Kia Fields, and Holly Huston of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENTS

Mr. Startzell introduced himself to the Board and presented information on a Disaster Recovery Services Contract. No action was taken at this time.

PRESENTATION FROM SJRA

Mssrs. Smith and Corley presented and reviewed a report for the proposed fiscal year 2020 operating budget for the SJRA. A copy of which is attached. Discussion ensued regarding SJRA's increased Pumpage and Import fees. Mr. Corley stated the SJRA increased the Pumpage and Import fees in relation to an ongoing legal matter with the largest contributor refusing to pay the increased fees.

Mr. Austin requested clarification on how SJRA plans to compensate entities, such as the District, once the City of Conroe (the "City") pays Pumpage and Import fees, noting that if the SJRA immediately reduces the fees upon receipt then the City is essentially being rewarded for refusing to pay the increase in Pumpage and Import fees for the past couple of years. Mr. Corley responded that the SJRA has looked into this item but has yet to come up with solution to satisfy all interested parties.

Director Slotnick requested clarification on the increase of the chemical costs as noted in the budget. Mr. Smith reported that the type of chemicals the SJRA uses has not changed, however the unit price of the chemicals as increased.

Director Cote requested information on the Groundwater Management Area 14 ("GMA") meetings. Mr. Smith reported the next meeting is on October 23rd and the details can be found on the GMA website.

Mr. Corley presented and reviewed a report on the consideration of balancing test from Intera Geoscience and Engineering Solution. A copy of which is attached.

#### PUBLIC HEARING REGARDING DISTRICT'S TAX RATE, ORDER LEVYING TAXES, AND AMENDMENT TO INFORMATION FORM

The Board conducted a public hearing regarding the District's 2019 tax rate adoption. The Board noted that the District published a total tax rate of \$0.805 per \$100 of assessed valuation, consisting of \$0.565 to provide for debt service requirements and \$0.23 to provide for maintenance and operations. Mr. Austin then opened the public hearing. No members of the public came forward to make comments. Mr. Austin then closed the public hearing. Following discussion, Director Goodman moved to adopt an Order Levying Taxes ("Order") providing for a 2019 tax rate of \$0.565 per \$100 of assessed valuation to provide for the District's debt service requirements and a tax rate of \$0.23 per \$100 of assessed valuation to provide for maintenance and operations, for a total 2019 tax rate of \$0.795 per \$100 of assessed valuation, and to approve the Amendment to Information Form to be filed with the Montgomery County Deed Records and the Texas Commission on Environmental Quality ("TCEQ"). The motion was seconded by Director Riley and carried by unanimous vote. The Board confirmed its intention that the 2019 tax levy includes a debt service component for the calendar year ending December 31, 2020, and a maintenance tax component for the fiscal year ending August 31, 2020.

#### 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 discussed revising the maintenance tax revenue line item to reflect the recently adopted tax rate. Following review and discussion, Director Cote moved to (1) approve the budget for fiscal year ending August 31, 2020, as revised; and (2) adopt the joint facility budget for fiscal year ending August 31, 2020. Director Veasey 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. Following review and discussion, Director Goodman moved to approve the bookkeeper's report. Director Veasey seconded the motion, which carried by unanimous vote.

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

The Board next discussed their attendance at the special meeting on August 7, 2019, with SCUD and Montgomery County Municipal Utility District No. 88 to discuss joint detention facilities.

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The Board reviewed the minutes of the June 29, 2019 and August 7, 2019, special meetings and the August 1, 2019, regular meeting. Following review and discussion, Director Slotnick moved to approve the minutes, as written. The motion was seconded by Director Riley and passed by unanimous vote.

DISTRICT'S INSURANCE POLICIES

The Board reviewed the proposal for renewal of the District's insurance policies from HARCO Insurance Services. After discussion, Director Veasey moved to authorize renewal of the District's property, equipment breakdown, general liability, auto liability, pollution liability, directors' liability, directors' bond, and consultant's fidelity insurance coverage. Director Veasey seconded the motion. The motion passed by a majority vote with Director Riley opposed.

LEGENDS RANCH PROPERTY OWNERS ASSOCIATION ("POA")

Discussion ensued regarding the District's annual Town Hall meeting on October 10, 2019 at 6:30 p.m., at Legends Ranch Recreation Center & Clubhouse, 2801 Legends Ranch Drive, Spring, Texas 77386.

DISCUSS POSSIBLE AMENDMENT TO AGREEMENT WITH SCUD FOR DRAINAGE MAINTENANCE CONTINUED

There was no additional discussion on this agenda item.

CONDUCT ANNUAL REVIEW OF INVESTMENT POLICY AND ADOPT RESOLUTION REGARDING ANNUAL REVIEW OF INVESTMENT POLICY

The Board reviewed the District's Investment Policy to determine if any amendments were necessary. After discussion, the Board determined not to make any amendments to its Investment Policy. Director Veasey moved to adopt a Resolution Regarding Annual Review of Investment Policy reflecting that no amendments were necessary to the Investment Policy at this time, and direct that the Resolution be filed appropriately and retained in the District's official records. The motion was seconded by Director Goodman and carried by unanimous vote.

ADOPT RESOLUTION ESTABLISHING THE AUTHORIZED DEPOSITORY INSTITUTIONS AND ADOPTING LIST OF QUALIFIED BROKER/DEALERS WITH WHOM THE DISTRICT MAY ENGAGE IN INVESTMENT TRANSACTIONS

Mr. Austin presented a Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions to update the list of qualified banks with which the District may invest funds. He noted that the District's bookkeeper provided the updated list of banks, which is attached as an exhibit to the Resolution. After review and discussion, Director Veasey moved to adopt the Resolution and direct that it be filed appropriately and retained in the District's official records. Director Riley seconded the motion, which carried by unanimous vote.

REPORT FROM BEST TRASH

The Board discussed garbage collection services within the District. Director Veasey requested Best Trash to submit proof of recycling for posting on the District's website. No further action was taken at this time.

REPORT ON DRAINAGE CHANNEL MAINTENANCE

There was no discussion on this agenda item.

ENGINEER'S REPORT

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

POTENTIAL DEVELOPMENT OF 3.09-ACRE TRACT

There was no discussion on this agenda item.

WATER AND SANITARY SEWER RATE ANALYSIS

Mr. Burgos requested Board authorization to perform a Water & Sanitary Sewer Rate Analysis in the amount of \$7,500.00, a copy of the scope of work is attached to the engineer's report. Following discussion, the Board concurred to request JCI to present a revised proposal to reflect the discussed changes at the next Board meeting.

LONG TERM PLAN

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

Mr. Burgos reported the Phase II Permit Renewal application was submitted to the TCEQ before the July 23, 2019, deadline. He stated J&C expects to receive approval by February, 2020.

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

Mr. Burgos presented and reviewed a preliminary cost estimate for the sidewalk extension along Birnham Woods Drive from Mesa Valley Drive to Elan Boulevard in the amount of \$72,000.00, a copy of which is included on the engineer's report. He requested Board authorization to design plans and specifications for the sidewalk extension. Following review and discussion, Director Cote moved to (1) approve the proposal for the sidewalk extension in the amount of \$72,000.00; and (2) authorize JCI to prepare plans and specifications for the sidewalk extension, as discussed. Director Veasey seconded the motion, which passed by a unanimous vote.

#### OPERATOR'S REPORT

Mr. Montgomery presented and reviewed with the Board a copy of the monthly operator's report for the month of August 2019, a copy of which is attached. He stated that the ratio of water billed versus produced for the period from July 10, 2019, to August 7, 2019, was 98%.

Discussion ensued regarding the pipeline gates on Legend Ridge Drive. Mr. Montgomery requested Board authorization to (1) repaint and secure the iron pipeline gate in the amount of \$1,800.00; and (2) install a concrete wall in the amount of \$5,500.00. Following discussion, Director Slotnick moved to approve the request from MOC. Director Goodman seconded the motion, which passed by a unanimous vote.

Director Cote requested MOC to present pricing options to seal concrete walls within the District to prevent mildew build-up at the next Board meeting.

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

Director Veasey left the meeting.

#### CENTRAL DETENTION POND STORM WATER PUMP STATION REHABILITATION

There was no additional 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.

LUKE APPLICATIONS PRESENTATION

There was no action on this agenda item.

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

(SEAL)



A handwritten signature in black ink, appearing to be 'B. H.', written over a horizontal line.

Secretary, Board of Directors