

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 94
Minutes of Meeting of Board of Directors
August 4, 2020

The Board of Directors (the "Board") of Montgomery County Municipal Utility District No. 94 (the "District") met in regular session, open to the public on August 4, 2020, in accordance with the duly posted notice of meeting, and the roll was called of the duly constituted members of said Board, as follows:

Jim Spitzmiller, President
Jason Schultz, Vice President
Joseph Frost, Secretary
Merry Leonard, Assistant Secretary
Eric Lugger, Assistant Secretary

all of whom participated in the meeting via telephone conference call, thus constituting a quorum.

Also attending the meeting via telephone conference call were Jon VanderWilt of Costello, Inc. ("Costello"); Michael Williams and Jeanette Montes of Gulf Utility Services, Inc. ("Gulf Utility"); Jorge Diaz of McLennan & Associates, LP ("McLennan"); Sergeant Ronny Glaze of the Montgomery County Constable's Office ("MCCO"); Brittany Keeswood of Assessments of the Southwest, Inc. ("ASW"); Julie Peak and Chase Wolf of Masterson Advisors LLC ("Masterson"); Barbara Nussa of Republic Services, Inc. ("Republic"), who entered later in the meeting as noted herein; John Rigsdell, Jerry Rueschhoff, John Kessler, and Charles Ferguson, residents of the District; and Spencer Creed and Kristin Eddlemon of Schwartz, Page & Harding, L.L.P. ("SPH").

EXPLANATION OF TELEPHONE CONFERENCE CALL MEETING PROCEDURES AND CALL TO ORDER

Mr. Creed explained to the Board the procedures to be used during the telephone conference call meeting. In connection therewith, he informed the participants that the meeting would be recorded, and requested that participants clearly state his or her name before speaking, including when making or seconding a motion. Mr. Creed further explained that he would conduct a roll call vote for all motions and that Board members should wait to vote on a motion until his or her name has been called. Similarly, Mr. Creed stated that a full roll call of all participants would be conducted at the start of each telephone conference meeting for attendance purposes.

The President called the meeting to order and declared it open for such business as might regularly come before the Board.

Ms. Nussa entered the meeting at this time.

PUBLIC COMMENTS

Mr. Rigsdell and Mr. Ferguson each addressed the Board concerning security patrols within the District and recent activity, to which the Board and Sergeant Glaze responded. No action was taken by the Board at this time.

MINUTES OF MEETING

The Board considered approval of the minutes of the Board meeting held on July 7, 2020. Director Lugger noted a revision to said minutes. After discussion on the matter, it was moved by Director Lugger, seconded by Director Frost and unanimously carried, that the minutes of the Board meeting held on July 7, 2020, be approved, as revised.

RATIFY BOARD'S PRIOR ACTION

The Board considered ratifying its prior approval and filing of the Annual Financial and Operating Report Pursuant to SEC Rule 15c2-12 (the "Report"). Following discussion, Director Frost moved that approval and filing of the Report be ratified and approved in all respects. Director Leonard seconded the motion, which unanimously carried.

REPORT FROM THE MONTGOMERY COUNTY CONSTABLE'S OFFICE REGARDING SECURITY

Sergeant Glaze next presented and reviewed a security report provided by the Montgomery County Constable's office for the month of July 2020, a copy of which report is attached hereto as **Exhibit A**. No action was taken by the Board at this time.

Sergeant Glaze exited the meeting at this time.

PLAN OF FINANCING FOR PROPOSED REFUNDING TRANSACTION

Ms. Peak next addressed the Board regarding the proposed issuance of refunding bonds for the District. In connection therewith, she presented and reviewed with the Board a Plan of Financing in connection with the District's proposed Unlimited Tax Refunding Bonds, Series 2020 (the "Refunding Bonds"), a copy of which is attached hereto as **Exhibit B**. She reported that the proposed refunding bond issue would refund portions of the District's Series 2014 Refunding Bonds and Series 2015 Refunding Bonds, and that the size of the refunding issue was subject to change depending on the market conditions and other factors at the time of sale. After a detailed discussion on the plan of financing outlined by Ms. Peak, Director Frost moved that the District proceed with the issuance of the Refunding Bonds. Director Leonard seconded said motion, which unanimously carried.

The Board requested that the necessary documentation for the refunding transaction be prepared by SPH and Masterson and that the associated items be added to the next agenda.

APPROVAL OF UNDERWRITER

The Board next deferred the designation of an Underwriter relative to the Refunding Bonds until the next meeting.

STATUS OF NEW CONTRACT FOR ELECTRICITY SERVICES FOR TERM BEGINNING IN 2024

The Board next considered the status of a new contract for electricity services for the term beginning in 2024. Mr. Creed reminded the Board that, at the previous meeting, it authorized the President or Vice President to execute an electricity contract with a term of up to forty-nine (49) months, subject to the price not exceeding \$0.040 per kWh and subject to SPH's review of the contract. He advised that Enhanced Energy Services is still monitoring available contract pricing. No action was taken by the Board at this time.

REPORT BY REPUBLIC SERVICES, INC.

Ms. Nussa next addressed the Board on behalf of Republic and presented a report, a copy of which is attached hereto as **Exhibit C**. No action was taken by the Board at this time.

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Keeswood next presented and reviewed with the Board the Tax Assessor/Collector's Report for the month of July 2020, including a delinquent listing as of July 30, 2020, copies of which are attached hereto as **Exhibit D**. After discussion, it was moved by Director Leonard that the Tax Assessor/Collector's Report be approved and the disbursements identified therein be approved for payment. Director Luggar seconded the motion, which carried unanimously.

Ms. Keeswood next advised that Paul Roberts, a taxpayer of the District, has requested that penalty and interest charges on his delinquent tax bill be waived. She reviewed correspondence provided by the resident, a copy of which is included with **Exhibit D**. She noted that, unless there has been an error by the appraisal district, the District or the District's tax assessor-collector, the District has no authority to waive penalty and interest charges and that, based on the foregoing, she recommends that the Board deny the request. After discussion, Director Spitzmiller moved that the Board deny the taxpayer's request for waiver of penalty and interest charges. Director Luggar seconded the motion, which unanimously carried.

DISCUSS IMPLEMENTATION OF S.B. 2 AND CONSIDER ADOPTION OF RESOLUTION CONCERNING DEVELOPED DISTRICT STATUS FOR 2020 TAX YEAR

Mr. Creed briefly discussed the implementation of S.B. 2 and presented and reviewed a Memorandum prepared by SPH, a copy of which is attached hereto as **Exhibit E**. He advised that an item will be included on the September agenda for the Board to consider the adoption of Resolution Concerning Developed District Status for 2020 Tax Year.

FINANCIAL ADVISOR'S RECOMMENDATION CONCERNING THE DISTRICT'S PROPOSED 2020 TAX RATE

The Board deferred consideration of the financial advisor's recommendation concerning the District's 2020 tax rate until the next meeting.

DELINQUENT TAX REPORT

In connection with the District's delinquent tax collections, Mr. Creed presented to and reviewed with the Board a Delinquent Tax Report provided by Perdue, Brandon, Fielder, Collins & Mott, L.L.P. dated August 4, 2020, a copy of which is attached hereto as **Exhibit F**. The Board noted no action was required on its part in connection with this item.

OPERATIONS REPORT

The Board next considered the Operations Report. Mr. Williams presented a written report prepared by Gulf Utility, a copy of which is attached hereto as **Exhibit G**, and reviewed same with the Board.

A discussion ensued regarding delinquent customer accounts currently on the District's disconnect list. Following discussion, Director Leonard moved that Gulf Utility be authorized to send correspondence to customers on the District's disconnect list that have an outstanding balance of \$250 or higher, advising them to contact Gulf Utility to discuss payment options prior to water service being terminated pursuant to the terms of the District's Rate Order. Director Schultz seconded the motion, which unanimously carried. Director Spitzmiller requested that Gulf Utility provide the Board with payment histories of the customers on the disconnect list.

ENGINEER'S REPORT

Mr. VanderWilt presented to the Board a written Engineer's Report, dated August 4, 2020, a copy of which report is attached hereto as **Exhibit H**, relative to the status of various projects within the District.

Mr. VanderWilt reminded the Board that, at a previous meeting, it authorized the repair of a sinkhole by Camino Services, LLC ("Camino"). He advised that this project has been completed and that the District is in receipt of an invoice from Camino in the amount of \$7,150. Following discussion, Director Leonard moved that the Board approve payment of the invoice provided by Camino in the amount of \$7,150. Director Frost seconded the motion, which unanimously carried.

Mr. VanderWilt next provided the Board with an update concerning the status of improvements to the wastewater treatment plant by Montgomery County Municipal Utility District No. 119 ("No. 119"). He advised that No. 119's engineer provided correspondence to the District regarding Pay Estimate No. 7 in the total amount of \$234,859.63. A copy of said correspondence is attached to the Engineer's Report. Mr. VanderWilt noted that the District's share of the estimate is \$13,286.70. Following discussion, Director Leonard moved that the Board concur in the District's payment of its share of Pay Estimate No. 7 to No. 119. Director Frost seconded the motion, which unanimously carried.

Mr. VanderWilt next addressed the Board regarding the status of the tree trimming project along the fence line near Eden Meadows. He advised that Trees by Frank provided a proposal for this project in the amount of \$675, and that the contractor will proceed as previously directed by the Board.

A discussion next ensued regarding the section of missing sidewalk near the intersection of Channing Springs Drive and Kallie Hills Lane. Mr. VanderWilt advised that four (4) bids were received for this project and that the low bid for the installation of a four foot (4') wide sidewalk was submitted by Johnson Fence & Masonry in the amount of \$7,910. A discussion ensued whether the existing sidewalk is four feet (4') or 5 feet (5') wide. Following discussion, Director Lugger moved that Costello confirm the width of the existing sidewalk and that the Board approve the corresponding low bid to install the missing segment of the sidewalk. Director Schultz seconded the motion, which unanimously carried.

A discussion ensued regarding the recent unauthorized construction of a drainage ditch on District property to drain an adjacent commercial tract and related issues. It was noted that, at the previous meeting, the Board directed the commercial property owner to remove all spoil created from excavation of the tract by hand and dispose of same offsite. Mr. VanderWilt advised that the excavated material has been removed from the site. Mr. Creed reminded the Board that it had also requested that the property owner's attorney provide (i) his written opinion that no violations of U.S. Army Corps of Engineers ("USACE") rules occurred during the construction of the drainage ditch, and (ii) written confirmation from a qualified environmental consultant that the project did not require a USACE permit or approval. He advised that such information has not yet been received. Following discussion, the Board deferred taking any action on this matter until the next meeting.

HISTORICAL BILLING FOR DISTRICT'S SHARE OF OPERATING COSTS ASSOCIATED WITH HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 92 ("NO. 92") AND NO. 119 WASTEWATER TREATMENT PLANTS

A discussion ensued regarding historical billing of the District's share of operating costs associated with the No. 92 and No. 119 wastewater treatment plants. In that regard, Mr. Creed advised that SPH sent correspondence to No. 92 and No. 119 to request a billing adjustment for the District, and that billing of expenses associated with operating costs of the wastewater treatment plants be corrected going forward, as previously authorized by the Board. Mr. Williams noted that Gulf Utility has provided both districts with corrected connection counts for April – June 2020 and has a system in place to provide the correct information going forward.

SPRING TRAILS COMMUNITY ASSOCIATION ("ASSOCIATION") CONSTRUCTION PROJECTS WITHIN DISTRICT PROPERTY AND RELATED COMMUNICATIONS

The Board next discussed Association construction and/or maintenance projects within the District and related communications. A discussion ensued regarding a request from the Association concerning the application of an anti-larval mosquito treatment within the District. Mr. Creed advised that the product data sheet related to the treatment method was provided to Storm Water Solutions, LP ("SWS") for review, and that SWS indicated that it had no objections to the form of treatment. Following discussion, Director Leonard moved that the Association be authorized to move forward with the anti-larval mosquito treatment, as requested. Director Spitzmiller seconded the motion, which unanimously carried.

Mr. Rueschhoff next addressed the Board regarding a request from the Association to conduct trenching on District property in order to replace the electrical conduit for the access gates located at Cardinal Park. Mr. VanderWilt advised that Costello has no objections to this request.

Following discussion, Director Leonard moved that the Association be authorized to move forward with the trenching, as requested. Director Spitzmiller seconded the motion, which unanimously carried.

Mr. Creed next advised that the District is in receipt of a request from the Association that the District acknowledge its consent for the continued use of hog traps on District property by Texas Feral Hog Control. Mr. VanderWilt advised that he has reviewed the request and has no objection to the continued placement of traps at the locations identified by the Association. Mr. Rueschhoff advised that the director of the Nature Conservancy is requesting written confirmation from the District that it consents to the company utilizing its traps on District property. Following discussion of the benefits to be received from continued management of the hog population, Director Leonard moved that SPH be authorized to provide the requested written confirmation on behalf of the District. Director Spitzmiller seconded the motion, which unanimously carried.

STORMWATER MANAGEMENT PROGRAM

The Board considered the status of the District's Stormwater Management Program ("SWMP"), including any training necessary under the SWMP and comments from the public. In that regard, Mr. Creed presented a report provided by SWS, a copy of which is attached here to as **Exhibit I**. No action was taken by the Board.

ISSUANCE OF UTILITY COMMITMENTS

The Board deferred consideration of issuance of utility commitments after noting that no requests had been received.

BOOKKEEPER'S REPORT

Mr. Diaz next presented and reviewed a written Bookkeeper's Report dated August 4, 2020, including the District's Investment Report for the month of July 2020, copies of which are attached hereto as **Exhibit J**. After discussion, it was moved by Director Leonard that the Board approve the Bookkeeper's Report and Investment Report, and authorize the District's Investment Officer to execute the Investment Report on behalf of the Board and the District. Director Spitzmiller seconded the motion, which carried unanimously.

DISCUSSION CONCERNING POSSIBLE DRAINAGE CHANNEL MAINTENANCE

Director Lugger addressed the Board at this time and presented a report related to storm water drainage within the District, a copy of which is attached hereto as **Exhibit K**. He requested that a contractor review this matter and provide pricing information to remove silt deposits located within the District's drainage channel. Following discussion, Director Lugger moved that Costello be authorized to obtain pricing information, as requested by Director Lugger. Director Schultz seconded the motion, which failed with Directors Frost, Spitzmiller, and Leonard voting as opposed.

STATUS OF WEBSITE

The Board considered the status of the District's website. It was noted that Apollo IT Consulting, LLC did not provide a report this month.

CYBERSECURITY TRAINING

Mr. Creed next addressed the Board regarding annual cybersecurity training as required by Chapter 2054, Texas Government Code. He advised that the Association of Water Board Directors has completed its online training webinars and is now offering "on demand" training sessions going forward. He requested that any directors who have not completed the training do so at their earliest convenience.

ATTORNEY'S REPORT

The Board next considered the Attorney's Report. Mr. Creed presented correspondence received from the Mesothelioma Justice Network, a copy of which is attached hereto as **Exhibit L**, requesting that the District include a link on its website related to asbestos exposure. No action was taken by the Board at this time.

Mr. Creed next advised that the District is in receipt of a public records request from SmartProcure, LLC, a copy of which is attached hereto as **Exhibit M**. He stated that SPH will further review the request and provide a response, if appropriate. No action was taken by the Board at this time.

EXECUTIVE SESSION

The Board determined it would not be necessary to enter into Closed Session pursuant to Texas Government Code, Section 551.071.

SUPPLEMENTAL AGENDA

AMENDED AND RESTATED ORDER IN CONNECTION WITH THE DIRECTORS ELECTION

The Board next considered the approval of an Amended and Restated Order Calling Directors Election (the "Amended Order") in connection with the District's Directors Election scheduled for November 3, 2020, attached hereto as **Exhibit N**. Mr. Creed reminded the Board that the Board previously postponed the Directors Election called for the May 2, 2020, uniform election date in accordance with the Governor's proclamation issued on May 18, 2020. He advised that the Amended Order provides for the conduct of the Directors Election by the Montgomery County Elections Administrator, jointly with elections of other political subdivisions, using county election officials, voting equipment, and polling locations at a shared expense. Although the Montgomery County Elections Administrator will conduct the Directors Election, he advised that the Texas Water Code and the Texas Election Code authorize the Board to designate an agent to perform certain duties in connection with the Directors Election, and that the Amended Order names Kristin Eddlemon as such agent (the "Election Agent"). Mr. Creed further advised the Board that notice of the Directors Election must be given in accordance with the requirements of

LIST OF EXHIBITS

EXHIBIT A	Security Report for July 2020
EXHIBIT B	Proposed Plan of Financing
EXHIBIT C	Report provided by Republic Services, Inc.
EXHIBIT D	Tax Assessor/Collector's Report
EXHIBIT E	Memorandum prepared by Schwartz, Page & Harding, L.L.P.
EXHIBIT F	Delinquent Tax Report
EXHIBIT G	Operations Report
EXHIBIT H	Engineer's Report
EXHIBIT I	Report provided by Storm Water Solutions, LP
EXHIBIT J	Bookkeeper's Report
EXHIBIT K	Report prepared by Director Lugger
EXHIBIT L	Correspondence provided by Mesothelioma Justice Network
EXHIBIT M	Public Records Request from SmartProcure, LLC
EXHIBIT N	Amended and Restated Order Calling Directors Election