

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 94
Minutes of Meeting of Board of Directors
October 6, 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 October 6, 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"); Delia Yanez of Assessments of the Southwest, Inc. ("ASW"); Greg Lentz of Masterson Advisors LLC ("Masterson"); Barbara Nussa of Republic Services, Inc. ("Republic"); Justin Klump of Storm Water Solutions, LP ("SWS"); Casey Wallace of Wallace & Allen, LLP ("Wallace & Allen"), counsel for Riley Fuzzel Road Properties, LLC ("RFRP"); Benjamin Slotnick, member of the public; John Rigsdell, Jerry Rueschhoff, John Kessler, and Charles Ferguson, residents of the District; and Spencer Creed, Gordon Cranner, 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.

PUBLIC COMMENTS

Mr. Rigsdell addressed the Board and made inquiries concerning (i) the most recent increase in the monthly rate for residential sanitary sewer services as a result of the annual Consumer Price Index rate increase by Republic, and (ii) the District's total certified taxable value, to which the Board and consultants responded.

Mr. Slotnick introduced himself to the Board at this time and advised that he has been nominated by Montgomery County Municipal Utility District No. 89 as a candidate to serve on the San Jacinto River Authority's GRP Contract Review Committee. He provided some background information about himself and his goals for the committee, and stated that he would appreciate the Board's consideration and vote.

MINUTES OF MEETING

The Board considered approval of the minutes of the Board meeting held on September 1, 2020. After discussion on the matter, it was moved by Director Luggar, seconded by Director Schultz and unanimously carried, that the minutes of the Board meeting held on September 1, 2020, be approved, as written.

REPORT FROM THE MONTGOMERY COUNTY CONSTABLE'S OFFICE REGARDING SECURITY

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

STATUS OF THE DISTRICT'S UNLIMITED TAX REFUNDING BONDS, SERIES 2020

Mr. Lentz next presented results of the sale of the District's Unlimited Tax Refunding Bonds, Series 2020, a copy of which is attached hereto as **Exhibit B**, and indicated that the District attained a net present value savings of approximately 3.92% which equates to \$141,243. Mr. Creed advised that the transaction is scheduled to close on October 20, 2020.

The Board next considered ratifying its prior approval of an agreement between the District and Regions Bank as paying agent for the Series 2015 Refunding Bonds. Following discussion, Director Luggar moved that the approval of the agreement be ratified and approved in all respects. Director Leonard seconded the motion, which unanimously carried.

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 a 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 (i) Enhanced Energy Services obtained a price from Reliant Energy within the designated parameters, (ii) SPH has reviewed the form of contract, and (iii) the President has executed the contract on behalf of the Board and the District.

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.

Ms. Nussa exited the meeting at this time.

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Yanez next presented and reviewed with the Board the Tax Assessor/Collector's Report for the month of September 2020, including a delinquent listing as of October 1, 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 Lugger seconded the motion, which carried unanimously.

PUBLIC HEARING REGARDING ADOPTION OF THE DISTRICT'S 2020 TAX RATE AND LEVY OF THE DISTRICT'S 2020 TAX RATE AND ADOPTION OF AN ORDER

The Board conducted a hearing regarding the imposition of a proposed debt service tax rate and a maintenance tax rate for 2020. There being no comments presented from the public, such hearing was closed.

The Board discussed the setting of the 2020 tax rate. Ms. Yanez confirmed that that the notice had been published in accordance with all legal requirements and as directed at the previous meeting. After discussion on the matter, Director Lugger moved that: (i) the Board levy a 2020 debt service tax rate of \$0.57 per \$100 of valuation and a 2020 maintenance tax rate of \$0.195 per \$100 of valuation, resulting in a total 2020 tax rate of \$0.765 per \$100 of valuation, and (ii) the Order Levying Taxes attached hereto as **Exhibit E** be adopted in connection therewith and that the President be authorized to execute and the Secretary to attest same on behalf of the Board and the District. Director Leonard seconded said motion, which carried unanimously.

AMENDMENT TO DISTRICT INFORMATION FORM

Mr. Creed presented and discussed with the Board an Amendment to the First Amended and Restated District Information Form relative to the District's tax rate. After discussion regarding said form, Director Lugger moved that the Amendment to the First Amended and Restated District Information Form be approved and that the Board members present be authorized to execute same on behalf of the Board and the District. Director Leonard seconded said motion, which carried unanimously.

DELINQUENT TAX REPORT

Mr. Creed reminded the Board that the District's delinquent tax attorneys, Perdue, Brandon, Fielder, Collins & Mott, L.L.P., provide written reports on a quarterly basis, and advised that no report was received for presentation at today's meeting.

Mr. Lentz exited the meeting at this time.

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 F**, and reviewed same with the Board.

Mr. Williams advised that lift pump no. 1 located at lift station no. 1 has been replaced, as authorized by the Board at a previous meeting.

Mr. Williams next reported that Mr. Richard Wilson of 2850 Carly Cove Lane had contacted Gulf Utility to request that the Board grant him a payment plan on his balance of \$728.73. A copy of Mr. Wilson's appeal is attached to the Operations Report. After discussion on the matter, Director Leonard moved that Gulf Utility offer a payment plan to Mr. Wilson of a minimum of \$100 per month to satisfy his delinquent bill, subject to Mr. Wilson remaining current on current billings. Director Schultz seconded the motion, which unanimously carried.

Mr. Williams next advised that, effective as of December 1, 2020, Gulf Utility's entity name will change to H2O Innovations. Mr. Williams advised that a notification related to the name change be included in customer water bills at Gulf Utility's expense.

Director Luggar noted a recent incident involving a repair to RFRP's water line on the customer's side of the meter.

ENGINEER'S REPORT

Mr. VanderWilt presented to the Board a written Engineer's Report, dated October 6, 2020, a copy of which report is attached hereto as **Exhibit G**, relative to the status of various projects within the District.

Mr. VanderWilt advised that Trees by Frank has provided a proposal for tree trimming within the District. He noted that a map attached to the Engineer's Report highlights the areas that Trees by Frank has identified as needing to be maintained. Mr. VanderWilt advised that the cost to maintain the areas identified by homeowners within the District as encroaching upon fence-lines is approximately \$2,100, and that the cost to maintain the areas identified by the contractor is approximately \$16,675. Following discussion, Director Luggar moved that the Board approve the proposal to maintain the trees identified by the homeowners at a cost of approximately \$2,100. Director Spitzmiller seconded the motion, which unanimously carried.

Director Schultz noted that he was recently advised by a resident about a dead pine tree behind the fence of a home along Chestnut Falls that needs to be added to the list. Mr. VanderWilt requested that Director Schultz provide him with the address and stated that he would add the location to the proposal.

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. 9 in the total amount of \$180,091.86. A copy of said correspondence is attached to the Engineer's Report. Mr. VanderWilt noted that the District's share of the estimate

is \$8,111.67. Following discussion, Director Lugger moved that the Board concur in the District's payment of its share of Pay Estimate No. 9 to No. 119. Director Spitzmiller seconded the motion, which unanimously carried.

Mr. VanderWilt next advised that the construction of the missing sidewalk section near the intersection of Channing Springs Drive and Kallie Hills Lane has been completed by Johnson Fence and Masonry ("Johnson"), and that Costello recommends payment of the associated invoice in the amount of \$7,910. Following discussion, Director Lugger moved that the Board approve payment to Johnson, as recommended by Costello. Director Spitzmiller seconded the motion, which unanimously carried.

Mr. VanderWilt next advised that Costello has obtained two (2) proposals for irrigation and maintenance of the landscaped area located along the northeastern boundary of the District. Following discussion, the Board requested that Costello request additional proposals from SWS and the contractor utilized for maintenance by the Spring Trails Community Association (the "Association"). No action was taken by the Board at this time.

Mr. VanderWilt next provided the Board with an update concerning the request received from Midway Spring Trails Partners to convey certain reserve tracts to the District, as discussed at the previous meeting. In that regard, he advised that it has been determined that the tracts were previously deeded to the Association in 2015 and that he would notify the developer accordingly.

Mr. Rueschhoff updated the Board concerning the Association's plans to plant trees near the old No. 119 wastewater treatment plant access road and recent planting of wildflowers in the Turtle Creek area.

UNAUTHORIZED CONSTRUCTION OF DRAINAGE DITCH

A discussion ensued regarding RFRP's recent unauthorized construction of a drainage ditch on District property to drain its adjacent commercial tract and related issues. Mr. Creed reminded the Board that correspondence had been sent to the property owner's attorney, copying the property owner and the management company, requesting the provision of (i) the attorney's 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 report from a qualified environmental consultant confirming that the project did not require a USACE permit or approval. He noted that the first item has been provided but not the second. Mr. Wallace addressed the Board at this time and advised that the property owner has engaged firms to provide such report and that it will be provided to the District, once available. After discussion, the Board deferred further action 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 reminded the Board 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 for the

wastewater treatment plants be corrected going forward, as previously authorized by the Board. He advised that No. 119 has agreed to issue a full credit of the overbilled amount (\$62,574,41) to be applied on a monthly basis toward the District's account until the balance is satisfied. Mr. Diaz and Mr. Williams advised that they were in agreement with the amount of the proposed credit. Mr. Creed advised that the District is communicating with representatives of No. 92 regarding this matter, but that no final response has been received to date. He stated that further information on this matter would be provided when available. Following discussion, Director Schultz moved that the District accept No. 119's proposal to apply the calculated credit amount against the District's share of future operating expenses. Director Lugger seconded the motion, which unanimously carried.

Ms. Yanez exited the meeting at this time.

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. Mr. Rueschhoff provided the Board with an update on the candidate event scheduled to be held in connection with the upcoming election. No action was taken by the Board at this time.

Mr. Creed advised that the District is in receipt of requests from certain residents of the District to install sidewalks along Spring Trails Park Drive to Rayford Road. It was noted that there exists a sidewalk along one side of the road in this area and that the majority of the area lies within the boundaries of No. 119. Mr. Rueschhoff advised that the Association has requested that the County install permanent stop signs in the area and that the County noted they would conduct a traffic study. Following discussion, no action was taken by the Board.

Director Spitzmiller exited the meeting at this time.

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. Klump presented to and reviewed with the Board a Quarter 4 Status Update and Training, a copy of which is attached hereto as **Exhibit H**. No action was taken by the Board at this time.

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 October 6, 2020, including the District's Investment Report for the month of September 2020, copies of which are attached hereto as **Exhibit I**. After discussion, it was moved by Director Lugger 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 Leonard seconded the motion, which carried unanimously.

STATUS OF COMPLIANCE BY THE DISTRICT WITH TEXAS GOVERNMENT CODE, CHAPTER 2265

The Board considered the status of compliance by the District with Texas Government Code, Chapter 2265 relative to energy reporting requirements. Mr. Creed advised that pursuant to the energy efficiency and reporting requirements set forth in said code, the District must report its annual electricity usage and cost and make said report accessible to the public. Mr. Diaz advised that he will obtain a copy of same for review by the Board next month.

RESOLUTION REGARDING REVIEW OF INVESTMENT POLICY

As the next order of business, the Board considered approval of a Resolution Regarding Review of Order Establishing Policy for Investment of District Funds and Appointing Investment Officer. Mr. Creed advised the Board that SPH is not recommending any changes to the Investment Policy at this time. After discussion, Director Leonard moved that the Resolution Regarding Review of Order Establishing Policy for Investment of District Funds and Appointing Investment Officer, attached hereto as **Exhibit J**, be adopted to reflect that the Order Establishing Policy for Investment of District Funds and Appointing Investment Officer adopted on October 1, 2019, was thereby affirmed and shall remain in effect until amended. Director Frost seconded the motion, which carried unanimously.

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 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. A discussion ensued regarding the schedules for early voting and election day in connection with the upcoming Directors Election.

The Board next considered a memorandum prepared by SPH regarding the America's Water Infrastructure Act of 2018 (the "AWIA"), a copy of which is attached hereto as **Exhibit K**. Mr. Creed discussed the contents of the memorandum including important dates relative to the AWIA and the impact of those dates on the District. Following discussion, no action was taken by the Board. It was noted that Costello and Gulf Utility would coordinate to provide any recommendations and/or proposals for the District's required compliance with the AWIA.

EXECUTIVE SESSION

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

POSSIBLE FUTURE AGENDA ITEMS

The Board considered items for placement on future agendas. No specific agenda items, other than routine and ongoing matters, were requested. Mr. Creed advised that it will be necessary for the District to schedule a special Board meeting between November 16-17 to canvass the results of the Directors Election

ADJOURN

There being no further business to come before the Board, Director Luggner moved that the meeting be adjourned. Director Leonard seconded said motion, which unanimously carried.

/s/ Joseph Frost, Secretary
Board of Directors

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LIST OF EXHIBITS

EXHIBIT A	Security Report for September 2020
EXHIBIT B	Results of the sale of the District's Unlimited Tax Refunding Bonds, Series 2020
EXHIBIT C	Report provided by Republic Services, Inc.
EXHIBIT D	Tax Assessor/Collector's Report
EXHIBIT E	Order Levying Taxes
EXHIBIT F	Operations Report
EXHIBIT G	Engineer's Report
EXHIBIT H	Stormwater Management Program - Quarter 4 Status Update and Training
EXHIBIT I	Bookkeeper's Report
EXHIBIT J	Regarding Review of Order Establishing Policy for Investment of District Funds and Appointing Investment Officer
EXHIBIT K	Memorandum regarding America's Water Infrastructure Act of 2018