

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 8

MINUTES OF REGULAR MEETING

MARCH 13, 2019

The Board of Directors (the "Board" or "Directors") of Montgomery County Municipal Utility District No. 8 (the "District" or "MUD 8") met in regular session, open to the public, on Wednesday, March 13, 2019, at 9:00 a.m., at the Walden Yacht Club, 13101 Melville Drive, Montgomery, Texas 77356, a designated meeting place located inside the boundaries of the District, and the roll was called of the duly constituted officers and members of the Board, to-wit:

John Tryon	President
John L. Patton	Vice President
Margie Barlow	Secretary
Randolph C. Moravec	Treasurer/Investment Officer
Bob Leasure	Assistant Secretary

All members of the Board were present. Also attending were Katherine Turner of Municipal Accounts & Consulting L.P. ("Bookkeeper" or "MAC"); Justin Abshire and Mason Mueller of Jones|Carter ("Engineer" or "Jones|Carter"); Philip Wright of Hays Utility North Corporation ("Operator" or "Hays North"); Charles Barron of Montgomery County Municipal Utility District No. 9 ("MUD 9"); Ross J. Radcliffe and Elliot M. Barner, attorneys, and Diane F. Brewer, paralegal, of Radcliffe Bobbitt Adams Polley PLLC ("Attorney" or "RBAP"); and all persons on the attached Attendance Roster.

The President, after finding that the notice of the meeting was posted as required by law and determining that a quorum of the Board was present, called the meeting to order and declared it open for such business as may come before it.

PUBLIC COMMENT

Charles Jalufka informed the Board that in his opinion, the drainage swale and inlet recently constructed near his home, which are a component of the District's Drainage Improvement Project (the "Drainage Improvements"), are not constructed according to the design shown to them by Jones|Carter. Judy Jalufka then explained to the Board that in her opinion, the Improvements are unsightly and will not improve drainage in the area around their home. Mr. Abshire next informed the Board that he met with Rebel Contractors, Inc. ("Rebel") about the Drainage Improvements and is further investigating such improvements' compliance with the design.

Next, Jim Boyd asked when construction will begin on the Drainage Improvements near his home. Mr. Abshire responded that recent rainfall has delayed such improvements. In response to a question from Mr. Boyd regarding securing the Drainage Improvements before, during and after construction, Mr. Abshire stated that temporary fencing can be installed.

Members of the public exited the meeting at this time.

APPROVAL OF MINUTES

The President next directed the Board to the approval of the February 13, 2019 regular meeting minutes. Upon a **motion** by Director Patton, seconded by Director Leasure, after full discussion and with all Directors present voting aye, the Board approved the February 13, 2019 regular meeting minutes, as presented.

TAX ASSESSOR-COLLECTOR'S REPORT

Ms. Turner reviewed the Tax Assessor-Collector's Report for the month of February 2019, a copy of which is attached hereto, including past monthly collections and credits as reported by Tammy McRae, Tax Assessor-Collector for the District. Ms. Turner reported that 93.73% of the 2018 taxes have been collected as of February 28, 2019.

BOOKKEEPER'S REPORT

Ms. Turner next reviewed the Bookkeeper's Report, a copy of which is attached hereto, including the current fund balances, expenditures and investments. Ms. Turner then reviewed current year-to-date revenues and expenditures against the District's budget for the fiscal year ending December 31, 2019.

Ms. Turner then reviewed a Snap Shot Financial Report as of March 13, 2019, and Revenue and Expenditure Comparison for 2017 and 2018 as of March 13, 2019. Ms. Turner then responded to questions regarding certain transfers to the Debt Service Fund from the General Operating Fund.

Upon a **motion** by Director Moravec, seconded by Director Tryon, after full discussion and with all Directors present voting aye, the Board: 1) approved the Tax Assessor-Collector's Report, as presented; 2) approved the Bookkeeper's Report, as presented; 3) authorized payment of checks numbered 8613 through 8645 from the General Operating Fund; 4) authorized payment of checks numbered 1846 through 1852 from the Waste Water Treatment Plant ("WWTP") Fund; 5) authorized payment of checks numbered 1228 through 1230 from the Capital Projects Fund; and 6) authorized payment of checks numbered 1056 through 1057 from the Tax Fund.

INSURANCE RENEWAL

Mr. Barner then updated the Board on certain insurance coverages that were approved at the February 13, 2019 Board meeting and minor changes in the premiums for such changes.

ENGINEER'S REPORT

Mr. Abshire presented the Engineer's Report, a copy of which is attached hereto.

Regarding the WWTP Improvement Project (the "WWTP Project"), Mr. Abshire reported that Allco, LLC ("Allco") is currently performing certain preconstruction activities, including excavating the District's WWTP Reserve. Mr. Abshire also reported that Jones|Carter is coordinating with Magellan Midstream ("MM") and DCP Pipeline ("DCP") regarding details for crossing the pipeline easements during construction. Mr. Abshire then presented Pay Estimate

No. 1 for Allco in the amount of \$719,464.50. Mr. Abshire next presented Change Order No. 1 for Allco in the amount of \$11,882 and reported that the proposed change order includes the addition of requisite pressure relief valves on the WWTP Sequencing Batch Reactor. Mr. Abshire added that such change order will also add ten (10) days to the contract with Allco. In response to a question from Director Moravec regarding protocols for crossing the MM and DCP pipeline easements, Mr. Abshire stated that MM and DCP have provided limited information related to their protocols for responding to emergencies with such pipelines based on the opinion that such protocol contains proprietary information.

Concerning the Drainage Improvements, Mr. Abshire reported that Rebel is currently working on the larger drainage swale in Zone 2 and completion of such swale is expected within the next two (2) weeks. Mr. Abshire next reported that Zone 1 is nearing completion. Mr. Abshire then reported that Zone 6 and the middle drainage swale in Zone 2 are complete. Mr. Abshire went on to report that the pre-construction kick-off meetings for Zones 3 and 4 were held on March 7, 2019 with Rebel and residents within such zones.

Mr. Abshire went on to present Pay Estimate No. 3 in the amount of \$72,877.50 and Change Order No. 3 for Rebel in the amount of \$300 for the Drainage Improvements. Mr. Abshire explained that such change order includes necessary field adjustments to a storm water manhole located in Zone 2 that was not identified in the original design because it was hidden under a doghouse in a resident's backyard.

Concerning the Water Plant Nos. 1 and 2 Improvement Project, Mr. Abshire reported that CFG Industries, LLC ("CFG") is continuing miscellaneous improvements and coating touch-ups at Water Plant Nos. 1 and 2. Mr. Abshire indicated that the contract completion date is expected to be May 2, 2019. Mr. Abshire then presented Pay Estimate No. 1 for CFG in the amount of \$28,392.75.

Mr. Abshire reported that work continues on updating the Capital Improvement Plan for 2019-2024.

Mr. Abshire next discussed work by Jones|Carter related to evaluating the Breakwater Grill's request for service.

Mr. Abshire then discussed connections for water service to the construction trailers located on the WWTP Site.

Ms. Turner exited the meeting at this time.

Upon a **motion** by Director Patton, seconded by Director Leasure, after full discussion and with all Directors present voting aye, the Board: 1) approved the Engineer's Report, as presented; 2) approved Allco Pay Estimate No. 1 in the amount of \$719,464.50; 3) approved Allco Change Order No. 1 in the amount of \$11,882; 4) approved Rebel Pay Estimate No. 3 in the amount of \$72,877.50; 5) approved Rebel Change Order No. 3 in the amount of \$300; and 6) approved CFG Pay Estimate No. 1 in the amount of \$28,392.75.

OPERATOR'S REPORT

Mr. Wright presented the Operator's Report, a copy of which is attached hereto.

Mr. Wright reported that the combined water accountability for the District and MUD 9 was 94.73%. Mr. Wright next reported that the District installed three (3) new taps last month and the District has a total of 1,729 equivalent single family connections.

Mr. Wright next reviewed the list of service termination notices, noting that 183 such notices were mailed to customers and three (3) delinquent accounts were terminated.

Mr. Wright discussed the effluent quality data provided to the Texas Commission on Environmental Quality (the "TCEQ"). A discussion then ensued regarding such data and the discharge monitoring report.

In response to a question, Mr. Wright stated that Hays North continues to work on the fire hydrant survey.

Mr. Wright reported that the Water Smart Application was hand delivered to the Association of Water Board Directors ("AWBD"). Mr. Wright stated that work continues on acquiring fliers and materials to educate District customers about water conservation.

Mr. Abshire next updated the Board regarding the updated Drought Contingency Plan ("DCP") and the triggers included in such plan. An extensive discussion then ensued regarding: a) the District's average water well run-time hours; b) the various stages of the DCP and voluntary/involuntary participation in such stages; c) the availability of water in the District; and d) the use of the DCP to encourage water conservation. Directors Barlow and Moravec agreed to further review the stages of the DCP and make recommendations about revising such stages at the April 10, 2019 Board meeting.

Mr. Barner then reminded the Board that pursuant to TCEQ and Texas Water Development Board ("TWDB") requirements, the DCP and the District's Water Conservation Plan must be updated and filed with both the TCEQ and the TWDB by May 1, 2019.

Upon a **motion** by Director Patton, seconded by Director Leasure, after full discussion and with all Directors present voting aye, the Board approved the Operator's Report, as presented.

RATE ORDER

Mr. Barner next presented certain proposed amendments to the District's Rate Order to address water line flushing requests for water line flushing by District customers. A discussion ensued and it was the consensus of the Board that such flushing requests be directed to the Board and not the Operator.

Upon a **motion** by Director Barlow, seconded by Director Moravec, after full discussion and with all Directors present voting aye, the Board approved: 1) amending the Rate Order to address individual water line flushing requests and assessing a flat fee for such service; 2) customers making individual water line flushing requests due to a technical matter must

appear before the Board; and 3) if an individual water line flushing request is denied by the Board, customers may submit an appeal or waiver in writing.

DISTRICT WEBSITE

Director Patton discussed website usage and encouraged the use of e-statements and online bill payments. Mr. Wright stated that as part of the Water Smart program, he will have information concerning e-statements and online bill payments published on the District website.

WALDEN COMMUNITY IMPROVEMENT ASSOCIATION ("WCIA")

Mr. Wright reported that he received a request for a one-inch (1") meter tap from the WCIA for the WCIA's new pool. A brief discussion ensued and it was the consensus of the Board that Jones|Carter must first review the request and any proposed construction plans before a tap fee estimate can be provided.

MUD 9 REPORT

Director Tryon reported that he transmitted information about the most recent MUD 9 meeting to the Board through Mr. Barner.

ATTORNEY'S REPORT

Mr. Barner first discussed various District reporting requirements that each of the District's consultants are responsible for and explained that Director Moravec had suggested creating a spreadsheet to track such requirements and the deadlines for filing such reports. Upon a **motion** by Director Moravec, seconded by Director Patton, after full discussion and with all Directors present voting aye, the Board authorized the consultants to coordinate preparation of a spreadsheet summarizing compliance reports required to be filed. Mr. Radcliffe asked the Operator and Engineer to provide information to RBAP for inclusion on the summary chart.

Mr. Barner then presented the March 2019 Monthly Legislative Update, which is related to proposed legislation affecting water districts enacted in the 86th Texas Legislative Session.

Association of Water Board Directors ("AWBD")

Mr. Barner requested that the Board authorize the Directors' attendance at the AWBD Summer Conference in Fort Worth, Texas, on Thursday, June 13, 2019, through Sunday, June 16, 2019. Mr. Barner reminded the Board that pursuant to the District's Ethics Policy, each Director was eligible for payment of up to four (4) fees of office for the days of attendance at the AWBD Summer Conference on behalf of the District. Mr. Barner also reminded the Board that it needed to authorize the Directors' attendance at the AWBD Spring Breakfast on Friday, April 12, 2019.

Upon a **motion** by Director Patton, seconded by Director Leasure, after full discussion and with all Directors present voting aye, the Board authorized the Directors' attendance at the AWBD Summer Conference and AWBD Spring Breakfast on behalf of the District.

ENVIRONMENTAL PROTECTION AGENCY WATERSENSE PROGRAM

Director Moravec reported that WaterSense Program information was provided to the Attorney for review. A discussion ensued regarding a source of materials to educate the public about water conservation. Upon a **motion** by Director Moravec, seconded by Director Patton, after full discussion and with all Directors present voting aye, the Board authorized the District's participation in the WaterSense Program.


EXECUTIVE SESSION

Pursuant to Chapter 551 of the Texas Government Code, Subchapter D, of the Open Meetings Act, the President called the executive session to order at 12:11 p.m. to discuss matters within the attorney/client privilege. Present for all or portions of the executive session were the Board of Directors; Messrs. Radcliffe and Barner; and Ms. Brewer. The Board declared the Executive Session was ended at 12:44 p.m.

Upon a **motion** by Director Patton, seconded by Director Moravec, after full discussion and with all Directors present voting aye, the Board agreed to take no action regarding matters discussed in closed session.

THERE BEING NO FURTHER BUSINESS BEFORE THE BOARD, the meeting was adjourned.

PASSED AND APPROVED this the 10th day of April, 2019.



Secretary, Board of Directors