

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 8

MINUTES OF REGULAR MEETING

APRIL 10, 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, April 10, 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 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"); Corey Howell of The GMS Group, LLC ("Financial Advisor" or "GMS"); Michael Others of McCall Gibson Swedlund Barfoot PLLC ("Auditor"); 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

Carl Seidule first explained to the Board that his wastewater line appeared to be clogged and asked the Board if the District provided cleaning services for such clogging. Mr. Seidule added that it was his understanding that some Districts provide such services for its customers. In response, the Board and Mr. Radcliffe explained that the District does not provide such services for its customers. Director Moravec requested that Mr. Seidule provide the Board with information on such Districts that do provide such services to their customers.

Next, Charles Jalufka reported that the drainage improvements recently constructed near his property have been modified to address the concerns he shared in the previous Board meeting.

Mr. and Mrs. Jeff and Sherri Bullock then introduced themselves to the Board and explained that they are interested in purchasing property located near 3800 Brookhaven Drive for a luxury recreational vehicle park (the "RV Park") and requested that the Board consider providing service to the RV Park at the Board's May 8, 2019 meeting. Mr. Abshire explained that the Board must authorize Jones|Carter to conduct a feasibility study for the RV Park in order

property is located outside the District's boundaries and that a \$5,000 deposit would be required to perform such feasibility study. Director Moravec then asked Mr. and Mrs. Bullock to submit a request for service in writing to Mr. Abshire and Mr. Barner.

Mr. Abshire then provided an update regarding the Drainage Improvement Project (the "Drainage Improvements") and reviewed the status of certain components of the Drainage Improvements.

Members of the public, except for Mr. and Mrs. Bullock, Rex Cambern and Lou Tichacek, exited the meeting at this time.

PRESENTATION BY FINANCIAL ADVISOR REGARDING PROPOSED REFUNDING BOND ISSUE AND TAKE ANY NECESSARY ACTIONS REGARDING SAME, INCLUDING DESIGNATION OF UNDERWRITER

Mr. Howell first reviewed information related to a possible refunding of the District's outstanding Series 2012 Bonds (the "Refunding Bonds"), a copy of which is attached hereto. Mr. Howell reported that the net present value savings over the life of the Refunding Bonds would be equal to approximately 5.19% and that the average annual savings is an estimated \$20,000. Mr. Howell also explained to the Board that the City of Conroe (the "City") requires a savings of at least 3% and that the savings would be net of all costs associated with the issuance of the Refunding Bonds. Mr. Howell further explained that the savings reflected in the refunding information is calculated as though the Series 2019 Refunding Bonds were being priced today. Director Moravec then explained stated that he and Director Leasure have previously reviewed the information presented by Mr. Howell and after speaking with Mr. Howell, recommend that the Board approve the Refunding. A discussion then ensued about the parameters within which the Board would agree to move forward with selling the Refunding Bonds. Messrs. Barner, Radcliffe and Howell then recommended setting parameters that would require a present value savings of no less than 4.25%.

Upon a **motion** by Director Patton, seconded by Director Leasure, after full discussion and with all Directors present voting aye, the Board: a) approved the Order Adopting Preliminary Official Statement ("POS") and authorize the Financial Advisor and Attorney to finalize the OS; a copy of which is attached hereto; b) adopt the Resolution Authorizing the Refunding of Certain Outstanding Bonds of the District; c) appointed of Directors Moravec and Leasure as a Committee to Approve the Issuance of the Refunding Bonds and to effectuate the sale of the Refunding Bonds only in the event that there is at least 4.25% net present value savings; c) authorized execution of Bond Registrar, Paying Agent and Transfer Agency Agreement with Bank Of New York and authorized execution of authorized execution of Letter and Notices of Redemption to Amegy Bank for the Series 2012 Bonds in connection with the Refunding Bonds; d) adopted an Order Authorizing the Issuance of the Refunding Bonds; e) authorized Hilltop Securities and RBC Capital Markets, LLC as the co-underwriters for the Refunding Bonds; and f) authorized execution of all other required documents and authorized the Attorney and underwriter to take all other necessary actions in connection with the sale and issuance of the Refunding Bonds.

Mr. Radcliffe then explained that pursuant to the District's contract with RBAP, special tax counsel fees in the amount of \$7,500 will be billed to the District and will be included as part of the costs of issuance of the Refunding Bonds.

Mr. Howell stated that he will transmit the POS to the Attorney and Director Moravec for review once it has been drafted.

APPROVE AUDIT REPORT FOR FISCAL YEAR ENDED DECEMBER 31, 2018

Mr. Others presented the draft audit report for the fiscal year ended December 31, 2018 ("FYE 2018 Audit"), and the Auditor's management letter. Mr. Others reviewed the draft FYE 2018 Audit and responded to various questions from the Board. Upon a **motion** by Director Moravec, seconded by Director Patton, after full discussion and with all Directors present voting aye, the Board approved the FYE 2018 Audit, subject to a 10-day comment period.

APPROVAL OF MINUTES OF MARCH 13, 2019 MEETING

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

Messrs. Howell and Others exited the meeting at this time.

TAX ASSESSOR-COLLECTOR'S REPORT

Ms. Turner reviewed the Tax Assessor-Collector's Report for the month of March 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 95.69% of the 2018 taxes have been collected as of March 31, 2019. Ms. Turner also reported that March tax collections were not transferred before today's meeting.

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 April 10, 2019, and Revenue and Expenditure Comparison for 2017 and 2018 as of April 10, 2019. Ms. Turner responded to questions regarding certain transfers to the Debt Service Fund from the General Operating Fund.

Upon a **motion** by Director Barlow, seconded by Director Leasure, 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 8645A through 8675 from the General Operating Fund; 4) authorized

payment of checks numbered 1854 through 1860 from the Waste Water Treatment Plant ("WWTP") Fund; and 5) authorized payment of checks numbered 1231 through 1232 from the Capital Projects Fund.

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 working on underground piping related to the Sequencing Batch Reactor. Mr. Abshire also reported that Jones|Carter continues coordination with Magellan Midstream ("MM") and DCP Pipeline ("DCP") regarding the process for crossing the pipeline easements during the construction phase. Mr. Abshire updated the Board regarding the geotechnical sub-consultant's approval of the material for the berms around the required detention pond. Mr. Abshire then presented Pay Estimate No. 2 for Allco in the amount of \$190,305. Discussion ensued regarding the project schedule.

Ms. Turner exited the meeting at this time.

Mr. Abshire then reported that Allco has requested it be allowed to commence work at 8:00 a.m. on Saturday, April 13, 2019, in order to install certain electrical conduit.

Concerning the Drainage Improvements, Mr. Abshire reported that the final inspections for Zones 2 and 6 were held on April 2, 2019. Mr. Abshire next reported Rebel Contractors, LLC is currently working with Zones 3 and 4. Mr. Abshire went on to report that Zone 1 is nearing completion, with only the installation of hydro turf remaining once the soil is finally compacted.

Mr. Abshire next reported that the storm water is collecting near some of the District's recent Drainage Improvements located on Mr. Randy Okruhlik's property and that has requested installation of an additional inlet to prevent further collection in the future. Discussion ensued.

Mr. Abshire then reported that CFG Industries, LLC ("CFG") is nearing completion with miscellaneous improvements and coating touch-ups at Water Plant Nos. 1 and 2, including replacement of interior ladders at the ground storage tanks at Water Plant No. 2. Mr. Abshire reported that CFG is expected to complete the contract within the next couple of weeks.

Mr. Abshire reported that Jones|Carter is finalizing updates to the Capital Improvement Plan for 2019-2024 (the "CIP") and will be prepared to present the CIP at the May 8, 2019 meeting.

Mr. Abshire next reported that Jones|Carter has completed review of the Breakwater Grill and presented the plan approval letter, a copy of which is attached to the Engineer's Report. In response to a question from Director Patton regarding the water line, Mr. Abshire stated that he has requested additional information from Breakwater Grill. Discussion ensued regarding pads and rebar.

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. 2 in the amount of \$190,305; 3) authorized Entergy to proceed with lowering the line; and 4) authorized repairs to the Okruhlik driveway at a cost not to exceed \$1,500.

DROUGHT CONTINGENCY PLAN

Mr. Abshire presented an updated Drought Contingency Plan ("DCP") Stage Triggers, a copy of which is attached hereto. Director Moravec reported that thresholds have been increased and recommended watering from 12:00 a.m. (midnight) to 10:00 a.m. and 8:00 p.m. to midnight beginning May 1 through October 31. A discussion next ensued regarding further change to the DCP that are based on average daily flow percentages. Mr. Wright added that average daily flows will be included in future Operator's Reports. Director Moravec asked the Attorney to revise the DCP to indicate that Stage 1 is effective May 1 through October 31 and not dictate watering to occur on certain days of the week.

Upon a **motion** by Director Barlow, seconded by Director Moravec, after full discussion and with all Directors present voting aye, the Board adopted the DCP subject to Director Moravec's requested revisions.

Director Barlow indicated that she will publish DCP information in the Walden Community Improvement Association newsletter and on the District's website.

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 seven (7) new taps last month and the District has a total of 1,730 equivalent single-family connections.

Mr. Wright next reviewed the list of service termination notices, noting that 164 such notices were mailed to customers and two (2) delinquent accounts were terminated.

Mr. Wright reported that G-M Services inspected the District's water wells and he awaits an evaluation. In response to a question, Mr. Wright stated that the District's water wells are inspected two times a year.

Mr. Wright then reported that a summary of accounts regarding the Cut-Off List Status will be included on future reports.

Mr. Wright presented a Proposal for Dedicated Bacteriological Sampling Sites ("Sampling Site Proposal"), a copy of which is attached hereto. Discussion ensued regarding locations for sampling sites that meet Texas Commission on Environmental Quality ("TCEQ") requirements. Upon a **motion** by Director Moravec, seconded by Director Leasure, after full discussion and with all Directors present voting aye, the Board approved the Sampling Site Proposal.

In response to a question, Mr. Wright stated that the fire hydrant survey is complete and he awaits a report.

Concerning the valve survey, Mr. Wright stated that he will provide information to Director Moravec via email regarding the valve that cannot be located.

Mr. Wright then reported that work continues on the Emergency Preparedness Plan.

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

DISTRICT WEBSITE

Mr. Wright reported that he will provide Director Patton with water conservation information for publication on the District website. Mr. Barner recommended the Board review water conservation information.

Director Moravec inquired if the Board could appoint a committee to review the District website. Directors Patton and Barlow indicated that they will serve on such committee.

Next, discussion ensued regarding the necessity to clean up the District website and the Board's approval of additional costs for such service.

ATTORNEY'S REPORT

Mr. Barner stated that he will have more to report at the May 8, 2019 meeting regarding the Walden Fire Station property.

CONTINUING DISCLOSURE REPORT

Mr. Barner next explained that the District has an ongoing obligation to update, on an annual basis, certain financial information, as required by the District's Bond Orders for all bond issues after 1995, which information will serve to keep bondholders and other interested parties apprised of the financial status of the District. Mr. Barner then requested the Board's authorization to prepare and file such materials with the appropriate agencies, including the TCEQ, the Texas Water Development Board ("TWDB"), the Texas Comptroller of Public Accounts (the "Comptroller") and the Electronic Municipal Markets Access website.

Upon a **motion** by Director Moravec, seconded by Director Leasure, after full discussion and with all Directors present voting aye, the Board approved unanimously to authorize the Attorney to prepare and file the required continuing disclosure materials with the appropriate agencies, including the TCEQ, TWDB and Comptroller.

LEGISLATIVE UPDATE

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

Mr. Barner then discussed the *State of Texas v. Craig Doyal* with the Board members the effect of such opinion and whether or not it is legal for the Board members to meet in numbers less than a quorum for the purpose of deliberating on District business. Mr. Barner then

reviewed House Bill No. 2965, which was filed in response to the opinion issued by the Texas Court of Criminal Appeals.

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

PASSED AND APPROVED this the 8th day of May, 2019.


Secretary, Board of Directors