

**MINUTES OF MEETING OF BOARD OF DIRECTORS**  
**June 15, 2020**

THE STATE OF TEXAS §  
COUNTY OF MONTGOMERY §  
MONTGOMERY COUNTY UTILITY DISTRICT NO. 3 §

Under Operator's Report:

Mr. Wright said he would check report on it at the UD4 Board meeting.

The Board of Directors ("Board") of Montgomery County Utility District No. 3 ("District") met in **regular** session, open to the public, on **June 15, 2020 at 2:00 PM**, at the offices of Hays Utility North Corporation (the District's utility operator) at 375 Lake Meadows Drive, Montgomery, Texas 77356, in Montgomery County, Texas and via a telephone conference call audible at that location (with two way audio), as authorized by the Governor of Texas under an emergency declaration, whereupon the roll was called of the members of the Board, to-wit:

Doris Hickman, President  
Richard Tibbetts, Vice President  
Janis Boulware, Secretary and Assistant Treasurer  
Carolyn H. Smith, Treasurer  
Judy Robert, Assistant Secretary

and all members of the Board were present via conference call, thus constituting a quorum. Also present via conference call were Steve Haskins of Protocol Bookkeeping, Inc., bookkeeper for the District; Mr. Chris Roznovsky and Katherine Vu of Jones & Carter, Inc., engineers for the District; James Dougherty, special counsel for the District; Philip Wright of Hays Utility North Corp., operator for the District was present at the meeting place. Mr. Gary North, President of Montgomery County Utility District No. 4 ("UD4") joined the meeting shortly after the roll call, via conference call. The meeting was called to order, and in accordance with notice posted pursuant to law in the form attached as *Exhibit A*, the following business was transacted:

**1. Notices, Minutes, Etc.** It was moved and seconded to approve and adopt the notice of the current meeting and how it was given, in the form shown in *Exhibit A*, attached. The motion was adopted. Draft minutes of the meeting held May 18, 2020 were reviewed. It was moved and seconded to approve them as revised. The motion carried unanimously.

**2. Public comments.** There were no public comments.

**3. Neighborhood Update (UD4).** The President welcomed Mr. North to the meeting. Mr. Dougherty reported on the moratorium on invoicing UD4 for transmission costs. There was a brief discussion, after which Mr. Tibbetts moved to approve a draft letter to UD4 that would extend the moratorium to through September 30, 2020 (and expand the "work together" clause to embrace work on consolidation). Mr. North gave an update on consolidation discussions, including exchanges of engineering data.

**4. Bookkeeper's Report; Investment Report; Etc.** Mr. Haskins presented and reviewed the bookkeeping and investment report for the General Fund and a separate report for the Regional WWTP,

copies of which are attached as *Exhibits B* and *C*. He said interest rates at TexPool and Texas Class were falling, as were CD rates. It was duly moved and seconded to accept the bookkeeper's report. All voted in favor. Later during the meeting, it was moved and seconded to approve payment of the bills the prepared checks. All voted in favor.

**5. Tax Assessor-Collector, Etc.** Mr. Haskins reported that the Tax Assessor-Collector's report for the preceding month had not yet come in. Later in the meeting, Mr. Dougherty reported that the Tax Assessor-Collector had requested information about the upcoming tax levy. He said the request including a warning about a mandatory election and an early deadline to call such an election (August 17) if the Board proposes a tax rate that would exceed the "Voter Approval Rate." After discussion, Director Smith moved to authorize the President and the attorney to work with Mr. Howell to estimate the necessary tax rate and report the requested information to the Tax Assessor-Collector (including any special meeting dates that might be required). The motion was seconded and adopted.

**6. Engineer's Report, Etc.** Mr. Roznovsky presented and reviewed the engineer's report attached as *Exhibit E*. He noted that work done with the UD4 engineers indicated that 15-year plan expenditures for UD3 and UD4 would be about \$20 million and \$28 million, respectively.

**7. Operator Report, Etc.** Mr. Wright presented the operator's report attached as *Exhibit F* and reviewed it with the Board. He said there were only a handful of accounts past due by 60 days or more, and they involved about \$900 in revenues. He said he did not know if those delinquencies were related to CoVID-19. The President asked the operator to contact the affected customers and offer to make pay-out arrangements, if appropriate.

Mr. Wright reported that water pumpage was going up, and he was looking at balancing-out pump time between the UD3 and UD4 water plants. He said he had no indications of problems with a water well, but if there were to be failure, it would trigger Phase One drought contingencies. Mr. North said that UD4 was considering a new well. Mr. Roznovsky said that there was a lot of reserve capacity, particularly at the UD3 water plant, so that even if the UD4 well went down, that might require only a few hours of additional pumping, per day, from one of the other wells. Mr. Wright said his concern about drought contingency was not so much about well capacity as it was about the ability "to get water out of the [plant]."

Mr. Wright reported on damages done by the TACHUS cable firm. He also reported on cost splits for the water plant and WWTP. Mr. Haskins pointed out a correction form the prior month that called for an adjustment in the costs paid by each district. Mr. Wright said the generators had been checked and serviced, in preparation for hurricane season. Mr. North asked about a back-up arrangement for getting diesel fuel. There was a question about how long the facilities could operate during an outage with just the diesel fuel on hand. Mr. Wright said he would check on it and report at the UD4 Board meeting.

There were questions about Attachment A in the operator's report, which showed cost splits for the UD3 water plant. After a discussion, the President asked that the split costs be checked against the invoices.

There was an inquiry about standing water in a street near Spring's Edge. Mr. Wright explained that eliminating the problem would require changing the grade of the street, because there was no drain nearby. He said it was a POA issue.

*The operator reported that notices of delinquency and possible disconnection of service (including the opportunity for a hearing at the Board meeting) had been given to each person on the cutoff listing. The President provided an*

*opportunity for a hearing, but no one appeared or asked to be heard. It was then duly moved that the Board: (1) find that the amount shown on the list for each account was correct and delinquent, (2) determine that the notices described by the operator were duly given, but nobody had appeared or asked to be heard, and (3) authorize disconnection of water service, in accordance with standard operating procedures. The motion was seconded, and all voted in favor.*

**8. Intergovernmental matters.** There was no action taken.

**9. District policies, rates, etc.** There was no action taken.

**10. Executive sessions(s).** There was no executive session.

A motion was made to adjourn the meeting at about 3:30 PM. The motion was seconded and carried unanimously.

These minutes were approved by the Board of Directors on July 20, 2020.

SIGNED: Doris Hickman, President, Board of Directors

ATTEST: Joe Chude, Secretary, Board of Directors

