

MINUTES OF MEETING OF BOARD OF DIRECTORS
February 15, 2021

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

The Board of Directors (“Board”) of Montgomery County Utility District No. 3 (“District”) met in **regular** session, open to the public, on **February 15, 2021 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; Gary North, President of Montgomery County Utility District No. 4 (“UD4”); Dimitri Millas of Norton Rose Fulbright US LLP; Katherine Vu of Jones & Carter, Inc., engineers for the District; and James Dougherty, special counsel for the District. Philip Wright of Hays Utility North Corp., operator for the District was present at the meeting place. (Ms. Kim Courte of the A.J. Gallagher agency joined the meeting later, by conference call.) The meeting was called to order by the President, 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. The Secretary reported that the notice of the meeting had been given as required by law. in the form shown in *Exhibit A*, attached. It was moved and seconded to approve the notice and how it was given. Consideration of draft minutes was postponed.

2. Public comments. There were no public comments.

3. Neighborhood Update (UD4). Mr. North reported on the severe weather. The two presidents agreed that the next joint committee meeting should be held virtually.

4. Bookkeeper’s Report; Investment Report; Etc. Mr. Millas gave a brief introduction and then briefed the Board on the bond refunding process. He reviewed the bond order that had been prepared (and was in the agenda packet), which included delegation of authority to enter into a bond purchase agreement and approve the bond pricing, subject to parameters. He described the closing arrangements and continuing disclosure obligations. There was discussion about the steps going forward and the terms of the bond order. After discussion, Mr. Tibbetts moved to adopt the bond order (entitled ORDER AUTHORIZING UNLIMITED TAX REFUNDING BONDS, SERIES 2021 A TRANSFER AND PAYING AGENCY AGREEMENT, A DEPOSIT LETTER, AN OFFICIAL STATEMENT AND A BOND PURCHASE AGREEMENT; AUTHORIZING OFFICIALS TO APPROVE THE AMOUNTS, INTEREST RATES, PRICES AND TERMS THEREOF AND CERTAIN OTHER MATTERS RELATING THERETO; AND OTHER MATTERS IN

CONNECTION THEREWITH). Director Smith seconded, and all voted in favor (four voting aye; none voting nay; one absent), thus adopting the bond order.

Mr. Haskins presented and reviewed the bookkeeping and investment report for the General Fund and a separate report for the Regional WWTP. He mentioned high points in the report. It was duly moved and seconded to approve the payment of the bills, including the prepared checks. All voted in favor.

5. Tax Assessor-Collector, Etc. Mr. Haskins indicated that the Tax Assessor-Collector's report for the end of the preceding month showed 82.4% of the taxes for TY2020 had been collected.

6. Engineer's Report, Etc. Ms. Vu presented and reviewed the engineer's report. She gave an update on the last meeting with City of Conroe representatives. She said they had changed position on adding capacity above 1.2 MGD, preferring to enlarge City plant instead. She mentioned the upcoming water loss audit. Mr. Wright said the operator had begun gathering the necessary data. She reported on the most recent meeting with TxDOT staff regarding the SH 105 intersection with April Sound Boulevard. She said there was a lot of discussion about an "RCUT" design. Mr. Tibbetts reported further on that meeting and gave an update based on follow-up correspondence with the TxDOT District Engineer. He described some of the features of the intersection proposals, also advantages and disadvantages. He said he expected further word from TxDOT.

7. Operator Report, Etc. Mr. Wright presented the operator's report and noted that the emergency generator at the UD4 water plant on Marina Drive had destroyed itself, apparently because of the severe weather. He said the generator at the UD3 water plant was not large enough to run the Catahoula well, but it was running the Jasper well, and they were using some of the power to try to protect the Catahoula well equipment from freezing. He said the Entergy power plant at Lewis Creek was offline, and the utility's power was off. He said he did not know when power would be restored. He said the generator at the Dawns Edge lift station had a problem, apparently caused by speed sensors being adversely affected by cold weather. He said there was a back-up pump in operation at that location. He said there were some pipe breaks caused by the cold.

The President asked about getting a generator large enough to run the Catahoula well. Mr. Tibbetts asked that Catahoula-well water be distributed as soon as the utility power was restored, because it had a higher temperature than Jasper water.

8. Intergovernmental matters. SH 105-TxDOT issues were discussed with the engineer earlier in the meeting.

9. District policies, rates, etc. Ms. Courte described the changes in the insurance policies presented for general renewal at the end of March. She said the main change was in boiler and machinery coverage, where the carrier was changing (to Liberty Mutual), and the deductibles were the same or lower, but the premium was going down substantially. After discussion, Mr. Tibbetts moved to authorize renewal of the policies presented and authorize the President to sign the necessary documents. Director Smith seconded, and all voted in favor.

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

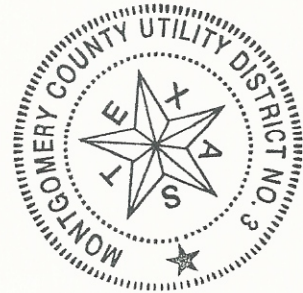
11. Other. There was no action taken.

A motion was made to adjourn the meeting at about 3:04 PM. The motion was seconded and carried unanimously.

These minutes were approved by the Board of Directors on March 15, 2021.

SIGNED: Garis Huckman President, Board of Directors

ATTEST: Joe C. Bullock, Secretary, Board of Directors



MONTGOMERY COUNTY UTILITY DISTRICT NO. 3

NOTICE (REVISED): In accordance with Ch. 551, Tex. Gov't Code and Sec. 49.063, Tex. Water Code, both as amended, take notice that the Board of Directors (Board) of Montgomery County Utility District No. 3 (District) will meet in regular session, open to the public, at 2:00 PM on February 15, 2021 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 where one or more persons will be present. Pursuant to the disaster declaration and suspension of certain laws by the Governor of Texas, any Director or other person may participate in the meeting via telephone (with two-way audio) by calling a public, toll-free number (800-504-7056, enter conference code 447079 when prompted), and an electronic copy of any agenda packet will be made available on the internet at https://hayswater.com/montgomery-county-utility-district-3/. Alternative means of communicating with District Directors include: (i) email addressed to "MCUD#3 Directors, c/o James Dougherty" sent to jim@jldjr.com; (iii) mail, phone or fax to the MCUD#3 Directors c/o James Dougherty, 12 Greenway Plz., Ste. 1100, Houston, TX 77046, phone 713-880-8808, fax 281-220-8984. The subjects of the meeting are as follows:

- 1. Notices, Minutes. Notices & Minutes. Notices; minutes of current and prior meetings; etc.
2. Public comments.
3. Neighborhood matters, including Montgomery County Utility District No. 4 (UD4), projects, facilities, etc.; also: --consolidation (merger) of the District with UD4, including agreement, election, and related matters.
4. Financial matters. Receive, discuss, consider and act upon: bookkeeper and investment reports; budgets (General WMTF), bills/payments, transfers, bank accounts, audits/reports; investments; bonds (refunding, etc.); etc. Related matters, including: Receive, discuss, consider and act upon: Order Authorizing Unlimited Tax Refunding Bonds, Series 2021, a Transfer and Paying Agent Agreement, an Escrow Agreement, an Official Statement and a Bond Purchase Agreement; Authorizing Officials to Approve Amounts, Interest Rates, Prices and Terms Thereof and Certain Other Matters Relating Thereto; and Other Matters in Connection Therewith.
5. Taxes, etc. Receive, discuss and act upon Tax A/C Report, tax data, exemptions, levies, penalties, collections and other tax matters.
6. Engineering matters. Receive, discuss, consider and act upon reports, studies, facilities and projects, also: (i) wastewater system, including treatment plant, site and permits; collection system; joint wastewater committee matters, construction and rehabilitation projects; shared costs, agreements (including Aqua Texas, Inc./Lake Conroe Village, UD4, City of Conroe, GPW Two--Waterpoint, etc.), wholesale service, etc.; (ii) drainage, including improvements and projects; (iii) water system, including water production, transmission and distribution; wholesale services; Catahoula-aquifer wells and cooling/aeration; elevated storage; pressure maintenance; system modeling; interconnections (Stanley Lake MUD, etc.); Joint Water Operating Committee (JWOC); UD3-UD4 joint system matters, including water and sewer contracts, sale and purchase of facilities; shared costs; etc.; (iv) Lone Star Groundwater Conservation District and San Jacinto River Authority issues and rules, regulations, contracts, permits, early conversion credits, future permitted authorization, transfers, transactions, groundwater reduction plans, etc.; (v) easements, rights of way, other facilities and other projects; (vi) engineering services agreement; and (vii) related matters; also: --Agreements with UD4 regarding water and wastewater services and facilities (including wholesale services), budgets, rates, groundwater reduction, moratorium on invoicing, mediation, litigation, legal services (including consultations, directions, etc.) and related matters.
7. Operations. Receive, discuss and act upon operation report, also: customer matters; repairs and maintenance; drainage; grounds maintenance; other projects; claims; operations contract; easements (and amendments and encroachments); water conservation (and drought contingency); utility services, policies, rates; and related matters. --Public hearing on delinquencies; discuss and act on delinquencies, including service terminations.
8. Intergovernmental matters. Discuss, consider and act upon matters relating to: (i) City of Conroe: strategic partnership agreements, annexation, services, WWTP, etc.; (ii) SH 105-TxDOT (plans, facilities, engineering, etc.); (iii) legislation; and (iv) related matters.
9. District policies, etc. Discuss, consider and act upon: District policies (e.g., investment, compensation, arbitrage, consultants, solid waste, etc.); insurance (and renewal); election matters; cyber-security matters; meetings; solid waste collection; and related matters.
10. Executive sessions(s) under Sections 551.071-551-084, Texas Government Code regarding subjects on this agenda. --Action on items discussed in executive session.
11. Other: (i) inquiries, (ii) future meetings and agenda items, and (iii) related matters.

DOC# 21-0219 POSTED 02/11/2021 03:40 PM Monica Robey

IMPORTANT: (1) Each subject listed includes discussion, consideration, action, etc. (2) Subjects may be taken up in the order listed or otherwise and may be taken up more than once during the meeting. (3) If a quorum is not present, directors present may form an ad hoc committee to discuss, consider and act upon the subjects listed. (4) If the Board determines that any closed or executive session is required or should be held, such session(s) will be held by the Board at the date, hour, and place given in this Notice, if permitted under Sections 551.071-551.084, Texas Gov't Code (including, but not limited to, Sec. 551.071 for private consultation with the Board's attorney). (5) IF YOU HAVE A DISABILITY REQUIRING SPECIAL ARRANGEMENTS AT THE MEETING, PLEASE CONTACT THE DISTRICT'S ATTORNEY AT 713-880-8808 BEFORE THE MEETING. REASONABLE ACCOMMODATIONS WILL BE MADE FOR YOUR PARTICIPATION IN THE MEETING.

NOTICE (Meeting Place). After at least 50 qualified electors are residing in the District, on written request of at least five of those electors, the District's Board shall designate a meeting place and hold meetings within the District. If no suitable meeting place exists inside the District, the Board may designate a meeting place outside the District that is located not further than 10 miles from the boundary of the District. On the failure of the Board, after such a request is made, to designate the location of the meeting place within the District or not further than 10 miles from the boundary of the District, five electors may petition the Texas Commission on Environmental Quality to designate a location. If it determines that the meeting place used by the District deprives the residents of a reasonable opportunity to attend District meetings, the Commission shall designate a meeting place inside or outside the District which is reasonably available to the public and require that the meetings be held at such place.

AVISO (Elección): Se notifica por el presente que la Mesa Directiva del Distrito No. 3 de Servicios Públicos del Condado de Montgomery, Texas, celebrará una reunión el 15 de febrero de 2021, a las 2:00 p.m. en 375 Lake Meadows Drive, Montgomery, Texas 77356 con los siguientes temas, entre otros: elección para la consolidación de los distritos; asuntos electorales.

Signed: Janis C. Boulware, Secretary, Montgomery County Utility District No. 3. Date: 2/11/2021