

**MINUTES OF MEETING OF BOARD OF DIRECTORS**  
**June 21, 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 **June 21, 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, 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 at the meeting place, except Ms. Hickman and Mr. Tibbetts, thus constituting a quorum. Also present at the meeting location were: Justin Abshire of Jones & Carter, Inc. (“J&C”), engineers for the District; Chris Roznovsky and Katherine Vu of Ward, Getz & Associates, PLLC (“WGA”); Philip Wright of Hays Utility North Corp.; James Dougherty, special counsel for the District; and Mr. Gary North, President of Montgomery County Utility District No. 4 (“UD4”). The meeting was called to order by the Secretary, as acting presiding officer, and in accordance with notice attached as *Exhibit A*, the following business was transacted:

**1. Notices, Minutes, Etc.** The Secretary reported that the notice of the meeting had been posted as required by law, in the form shown in *Exhibit A*, attached. It was moved and seconded to approve and adopt the notice. Board next considered three sets of draft minutes from prior meetings: May 17, 2021, May 24, 2021 and June 1, 2021. It was moved to approve all three sets, as presented. The motion was seconded, and all voted in favor.

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

**3. Neighborhood Update (UD4).** The Secretary recognized Mr. North, who mentioned a water main break in a condo development. Mr. Wright showed an aerial photo and explained the situation, including water intrusion into some units.

The Secretary reported on the meeting of the consolidation advisory committee held the prior week. She said the UD4 reps had asked for four changes to the prior draft of the consolidation agreement. One of the changes was to have both districts sell bonds for the WWTP expansion before consolidation, so that debt service taxes to pay-off those bonds (after consolidation) would be levied separately on the land within UD4 and the land within UD3. Apparently, that approach would produce a slightly lower tax rate on the land within UD4 than would selling the same amount of bonds after consolidation, when the debt service would be spread across the whole consolidated district. According to a quick calculation done during the meeting, the difference in future tax rates on the land within UD4 would be about 1.5 cents per \$100 (later reduced to be less than one cent). There was a discussion about how much time it would take to have two bond issues prepared, reviewed, approved, marketed and sold, which appeared to be about six months. That would apparently mean that the debt levels in each District would not be known at the time when the election is called (August 16 at the latest).

There was also a discussion about UD4's proposed new transmission line along SH 105, including the effect on the pressure-reducing valves and the operations of the UD3 water plant (and joint Catahoula water well).

**4. Bookkeeper's Report; Investment Report; Etc.** The Board reviewed the bookkeeper's written reports, one for the General Fund and the other for Regional WWTP. 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.** The Secretary noted that the Tax Assessor-Collector's report for the preceding month showed that 96.83% of the taxes for TY2020 had been collected.

There was a discussion about the Tax Assessor-Collector's request for information about the upcoming tax levy process, including a calendar and the District's status ("developing" vs. "developed"). The Board reviewed the status of the District's development since 2020, when the District was determined to be "developing." After discussion, Director Robert to authorize a response to the Tax Assessor-Collector's request including these points: (i) setting a tentative special meeting on September 13 (for the required hearing and tax levy) and (ii) continuing the District status as "developing" (not "developed"). The motion was seconded by Director Smith, and all voted in favor, thus adopting the motion (3-0)

**6. Engineer's Report, Etc.** Mr. Abshire presented and reviewed the engineer's report, including work underway. He and Mr. Wright gave a briefing on the manhole failure and related repairs near SH 105, which involved facilities covered by a special cost-split agreement with UD4 (sometimes referred to as the "Joint Y-Trunks"). Mr. Wright explained the latest cost estimates and reported on the status of the work. The most recent cost total was \$586,283.10, but Mr. Wright said there would be about \$70,000 more. Director Robert moved to authorize the President or Secretary to work-out and sign a contract for the necessary work in an amount not to exceed \$675,000. The motion was seconded by Director Smith, and all voted in favor, thus adopting the motion (3-0). The attorney explained the old contract with UD4 and said the most-applicable formula for cost-splitting was based on a ratio of the numbers of connections in the two Districts. After a brief discussion, Director Smith moved to authorize the bookkeeper to send a quarterly accounting of costs to UD4, with a request for payment of the UD4 share based on the ratio of numbers of connections (using the same connection counts used for WWTP cost splits). Director Robert seconded, and all voted in favor, thus adopting the motion (3-0).

Later, the Board took up the subject of engineering services. The Board reviewed proposed changes to the draft agreement with WGA, including: (i) making WGA the liaison with the District on WWTP matters, it being understood that J&C would be doing WWTP project work; (ii) making WGA a liaison with J&C on the District's GIS system, to be maintained by J&C; (iii) setting the level for planning tasks included in the routine basic services at \$2,500 or less; and (iv) other changes marked. After discussion, Director Robert moved to approve and authorize the Secretary to sign an engineering services agreement with WGA and an amendment to the existing J&C agreement to "carveout" routine basic services to avoid overlap with the new WGA agreement. Director Smith seconded the motion, and all voted in favor, thus adopting the motion (3-0).

**7. Operator Report, Etc.** Mr. Wright presented the operator's report. He gave further details on the manhole failure and related repairs near SH 105. He mentioned the possible need to re-work some drainage facilities on the north side of SH 105 (near the repair site), including connecting storm sewers located between Springs Edge and Summer Wind. He said a sewer leak that had affected one of the storm sewers had been repaired (and reported to TCEQ). He also reported that a subcontractor had hit a power line, knocking-out electrical service in the vicinity and closing SH 105.

Mr. Wright reviewed pumpage and connection data, which showed sanitary sewer connections at 50.06% for UD3 and 49.94% for UD4. He explained an access problem at the lift station behind the April Point South condominiums. He said it was not possible to get a crane truck through the nearest opening between buildings, which would be necessary to pull-out the pumps. Apparently there were carports in the way.

*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 Board then 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.

**11. Other.** There was no action taken.

A motion was made to adjourn the meeting at about 4:30 PM. The motion was seconded and carried unanimously.

These minutes were approved by the Board of Directors on July 19, 2021.

SIGNED: Doris Hickman President, Board of Directors

ATTESTATION & CERTIFICATION. By signing below, the Secretary attests to the signature of the President, above, and certifies that notice of the meeting was posted in as required by state law, in the form attached as *Exhibit A*.

[Signature], Secretary, Board of Directors

(SEAL)

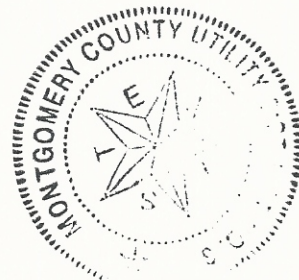


Exhibit A

MONTGOMERY COUNTY UTILITY DISTRICT NO. 3

NOTICE: 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 June 21, 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. The subjects of the meeting are as follows:

- 1. 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:
4. Financial matters. Receive, discuss, consider and act upon: bookkeeper and investment reports, budgets (GF and WWTP), bills/payments, transfers, bank accounts, audit-financial report; investments; bonds (and costs, proceeds, etc.) and related matters.
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; repairs; shared costs; agreements (including Aqua Texas, Inc./Lake Conroe Village, UD4, City of Conroe, GPW Two—Waterpoint, etc.); wholesale services; 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 procurement, agreements, etc.; and (vii) related matters; also:
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.
8. Intergovernmental matters. Discuss, consider and act upon: (i) City of Conroe issues: strategic partnership agreements, annexation, services, WWTP, building and plumbing codes (and related plans, permits, inspections, etc.); (ii) SH 105-TxDOT issues (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 contract; and related matters.
10. Executive sessions(s) under Sections 551.071-551.084, Texas Government Code regarding subjects on this agenda.
11. Other: (i) inquiries, (ii) future meetings and agenda items, and (iii) related matters.

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 21 de junio 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: [Signature], Secretary, Montgomery County Utility District No. 3. Date: 15 Jun 2021



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POSTED
06/16/2021 08:07AM
GWENDALYNN CAMARENA
MARK TURNBULL, COUNTY CLERK
MONTGOMERY COUNTY, TEXAS