

**MINUTES OF MEETING OF BOARD OF DIRECTORS**  
**August 16, 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 **August 16, 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 three members of the Board were present at the meeting place (Ms. Boulware, Ms. Robert and Ms. Hickman), and two members were present via telephone conference call (Ms. Smith and Mr. Tibbetts), thus constituting a quorum. Also present at the meeting location were: Chris Roznovsky and Katherine Vu of Ward, Getz & Associates, PLLC (“WGA”); and Mr. Steve Haskins of Protocol Bookkeeping, Inc. Present via conference call were: Justin Abshire of Jones & Carter, Inc. (“J&C”); Mr. John Howell of The GMS Group, L.L.C., financial advisor for the District; Mr. James Dougherty, special counsel for the District; and Mr. Gary North, President of Montgomery County Utility District No. 4 (“UD4”). Mr. Philip Wright of Hays Utility North Corp. joined the meeting soon shortly after the start. The meeting was called to order by the President, 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. The Board next considered minutes from the July 19, 2021 meeting. There was a motion to approve the draft minutes, with corrections noted. The motion was seconded, and all voted in favor.

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

**3. Neighborhood Update (UD4).** There was no neighborhood update.

**4. Financial Matters.** Mr. Howell gave a presentation on the certified tax values and proposed tax rates, and a discussion ensued. There was a motion to adopt a resolution to propose a slightly lower rate than recommended, but it was not seconded. Director Boulware then moved to adopt a resolution to propose the recommended rate (\$0.09 per \$100), which resolution also made findings, set the public hearing for September 13, 2021 and contained other provisions. Director Smith seconded, and, after further discussion, the question was called. The motion was adopted by the following vote:

Ayes: Directors Hickman, Boulware, Robert, Smith, Tibbetts  
Nays: (none)  
Absent/not voting: (none)

There was also a motion to call a special meeting for the date of the hearing (September 13) and set it at 2:00 PM at the regular meeting place. The motion was seconded and adopted.

Mr. Haskins presented the bookkeeper's written reports, one for the General Fund and the other for the Regional WWTP. He mentioned the requested reimbursement from UD4 for the manhole collapse and related work. Apparently, UD4 had not reimbursed its share because of some claimed contractual issues. Mr. North reported that the UD4 Board was planning to discuss the reimbursement at its next meeting. There were expressions of concern about the failure of UD4 to reimburse its share, especially after verbal agreement by UD4 representatives that it was necessary to do all the work at the time.

It was duly moved and seconded to approve payment of the bills, including the checks prepared by Mr. Haskins. All voted in favor. There was a separate motion to authorize the President to sign the certificate of acceptance for the manhole and related work and deliver the check for the final payment, subject to receipt of the last "bills paid" affidavit (which had reportedly been signed but not notarized). That motion was seconded and adopted unanimously.

**5. Tax Assessor-Collector, Etc.** There was no report available. Mr. Haskins said he would circulate it.

**6. Engineer's Report, Etc.** Ms. Vu presented and reviewed the engineer's report. She gave updates on pending projects, including the water and sanitary sewer rehabilitations (also the Capetown Lift Station, which was still on hold pending resolution of consolidation questions). There was a motion to authorize Jones & Carter, Inc. to provide the proposed services for WWTP improvements and the second part of the AWIA compliance project. The motion was seconded, and all voted in favor.

Mr. Abshire and Mr. Roznovsky gave some additional details about the WWTP improvements, including the possibility of expanding capacity to 1.5 MGD (beyond the 1.2 MGD level). He indicated that there were some open issues about waste loading (concentration) and land that would be needed.

**7. Operator Report, Etc.** Mr. Wright presented the operator's report. He noted that the WWTP had treated about 23 million gallons the prior month, a level that was probably caused by the frequent rainfall during that period. He mentioned two significant repairs, including one in an eight-inch line. He said it had been valved-off to allow repairs to be done on a non-emergency basis.

There was a discussion about grease trap problems at the Waterpoint project. Mr. Dougherty recommended that communications about grease traps be directed to the utility customer (the landlord), not just to the individual tenant. He also mentioned that the rate order could be strengthened regarding grease traps.

Mr. Wright mentioned a potentially-expensive repair of a drainage outfall due to a sinkhole. The attorney mentioned the contracting and procurement procedures required by state law. After discussion, there was a motion to authorize the operator to provide a coffer dam and investigate to determine the scope of the necessary repair and: (i) if the estimated cost of the repair appeared to be less than \$25,000, the President would be authorized to order the necessary work under the operator's contract, or (ii) if the estimated cost of the repair appeared to be more than \$25,000, the President would be authorized to obtain necessary engineering services to prepare bidding documents, solicit bids, etc. The motion was seconded and adopted unanimously.

Mr. Wright also reported on the cutoff list.

*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 3:48 PM. The motion was seconded and carried unanimously.

These minutes were approved by the Board of Directors on September 20, 2021.

SIGNED: Louis Huckman, 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

08/10/2021 8:35 PM

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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 August 16, 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://www.mcud3.com/meetings/documents. 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 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, water facilities and related matters.
4. Financial matters. Receive, discuss, consider and act upon: bookkeeper and investment reports; budgets (GF and WWTP); bills/payments, transfers; depository matters; audit; investments; bonds (application to TCEQ, 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, also: tax calculations, financial analysis, developed district status, proposed debt service and O&M tax rates, calendar, publication, notices, hearings, levy, rollback 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, 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: ---Manhole problem on SH 105 and related facilities, emergency repairs, bypass pumping, engineering, shared costs and related matters. ---Engineering services, statements of interest and qualifications, procurement, agreement(s), amendments to agreement, 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 charges; and related matters. ---Public hearing on delinquencies; discuss and act on delinquencies, including service terminations.
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, arbitration, 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. ---Action on items discussed in executive session.
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 10 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 de Servicios Públicos del Condado de Montgomery, Texas, celebrará una reunión el 16 de agosto 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: 8/11/2021



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POSTED
08/11/2021 08:22AM
Shelby Curry
MARK TURNBULL, COUNTY CLERK
MONTGOMERY COUNTY, TEXAS