

**MINUTES OF MEETING OF BOARD OF DIRECTORS**  
**September 20, 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 **September 20, 2021** beginning 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 Mr. Tibbetts, thus constituting a quorum. Also present at the meeting place were: Chris Roznovsky and Katherine Vu of Ward, Getz & Associates, PLLC (“WGA”); Philip Wright of Hays Utility North Corporation; Steve Haskins of Protocol Bookkeeping, Inc.; James Dougherty, special counsel for the District; and Gary North, President of Montgomery County Utility District No. 4 (“UD4”). The meeting was called to order by the President, and in accordance with the 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 meetings of August 16, 2021 (as corrected), August 30, 2021 and September 13, 2021. There was a motion to approve the three sets of minutes. The motion was seconded, and all voted in favor.

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

**3. Neighborhood Update (UD4).** The President recognized Mr. North, but there was no neighborhood update.

**4. Financial Matters.** Mr. Haskins presented the bookkeeper’s written reports, one for the General Fund and the other for the Regional WWTP. He mentioned two extra checks presented at the meeting, and he described the documents sent to Central Bank. He discussed the “insured cash sweep” process under the IntraFi agreement (which was among the documents sent to the Bank).

It was duly moved and seconded to approve payment of the bills and authorize the checks prepared by Mr. Haskins to pay them, plus the two extra checks (one for Media Services and the other for the County Clerk). All voted in favor.

**5. Tax Assessor-Collector, Etc.** The tax assessor-collector’s report showed that 98.99% of FY 2020 taxes had been collected.

**6. Engineer’s Report, Etc.** Ms. Vu presented and reviewed the engineer’s report. She showed an aerial photo of a drainage structure near SH 105. It appeared to be located in a public easement outside TxDOT right of way. She described repairs that would be necessary, including repairs to the

slope paving to prevent “undermining.” She said there should be a cost estimate available the following month.

Ms. Vu also mentioned Senate Bill 3, which imposed additional requirements for emergency preparedness. Later, there was a motion and a second to authorize the engineers to submit a notice of critical load status to the power company, to maintain compliance with Senate Bill 3. The motion was adopted

Director Smith moved to authorize the President to request Jones & Carter Inc. to provide engineering services for the WWTP upgrade project, under the existing engineering services agreement. The services would include the items listed in the letter from Jones & Carter, Inc. Director Boulware seconded, and all voted in favor.

The President reported on a “drive-through” of Lake Conroe Village, and there was a general discussion about the contract with Aqua Texas, Inc. It appeared that Aqua was not complying with the contract in multiple respects. After further discussion, Director Smith made a motion to authorize the President to send a letter to Aqua to: (i) request immediate compliance with the contract, including action to provide the missing measuring equipment, provide the missing flow-regulation equipment, calibrate the existing measuring equipment, etc.; (ii) request the operator to check current and previous billings to be sure the PPI-based increases were included, and, if not, to send corrected bills; (iii) request that Aqua submit data on its existing and planned customers and demand; (iv) request a meeting with authorized Aqua representatives to discuss possible amendments to the contract; and (v) advise that it could become necessary for UD3 to terminate the contract if compliance were not achieved and necessary amendments were not adopted. The motion was seconded and adopted unanimously.

**7. Operator Report, Etc.** Mr. Wright presented the operator’s report. He noted water pumpage data and sewer connection counts. There was a question about a portable meter. Mr. Wright gave a brief report, and he also reported on arrangements made for pumping-out grease traps at Waterpoint. He gave an update on the cofferdam and work necessary to determine necessary repairs to a bulkhead outfall.

Mr. Wright also presented proposed new rate schedules for the two operator contracts, one for the WWTP and the other for the rest of the water and sewer systems. After discussion, it was moved and seconded to approve and authorize amendments to both contracts to include the new rate schedules. The motion was seconded, and three voted in favor (one abstaining), thus adopting the motion. Mr. Wright said he would recommend updates to the District’s rate order to reflect cost increases for taps and other special items.

Mr. Wright briefed the Board on new meter technology, including a new system that uses cell phone networks to connect meters to a web portal.

The President reported on the most recent correspondence from UD4 about the Capetown Lift Station and the manhole failure (and related work) along SH 105. After discussion, Director Robert moved to authorize the President to sign the letter from UD4 about the Capetown Lift Station dated September 9, 2021, with an explanation that the District was acknowledging the takeover of the Lift Station, but not changing the 1990 agreement regarding costs. The motion was seconded, and all voted in favor. Also, Director Smith moved to authorize the bookkeeper to send a quarterly accounting to UD4 for the work on the Joint Y-Trunks, including unpaid amounts from the prior quarter. The motion was seconded and adopted.

Earlier in the meeting:

*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 5:15 PM. The motion was seconded and carried unanimously.

These minutes were approved by the Board of Directors on October 18, 2021.

SIGNED: Harris 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 as required by state law, in the form attached as *Exhibit A*.

Jim C. Ball, Secretary, Board of Directors

(SEAL)

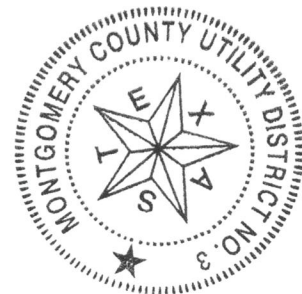


Exhibit A

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 **September 20, 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:  
---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.
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.  
---Capetown Lift Station and force main, including maintenance, operation, repairs, replacement, overhaul, costs, use, plans, costs, rates, etc.
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; investments; election matters; cyber-security; meetings; public records; solid waste; 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 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 20 de septiembre 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: 

Secretary, Montgomery County Utility District No. 3

Date: 9/16/2021

