

MINUTES OF MEETING OF BOARD OF DIRECTORS
October 18, 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 **October 18, 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, 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 considered minutes from the meeting of September 20, 2021. There was a motion to approve the minutes, as revised. 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 several large transactions, and he reported that new accounts had been opened at Central Bank. He said he planned to leave a balance in an account at BBVA (formerly Compass Bank) to cover outstanding checks, for a while, and then write one check to close it out and transfer the money to Central. He said the “insured cash sweep” process under the IntraFi agreement was just starting. There was a question and a brief discussion about the Off Cinco website billing, which apparently did not follow the contract.

It was duly moved and seconded to approve payment of the bills and authorize the checks prepared by Mr. Haskins to pay them, excluding the check to the Off Cinco firm, and including Check #1219 to replace a voided check (Check #1213, to Sun Life Corporation). All voted in favor.

5. Tax Assessor-Collector, Etc. The tax assessor-collector’s report showed that 98.11% of FY 2020 taxes had been collected.

6. Engineer's Report, Etc. Ms. Vu presented and reviewed the engineer's report. She presented and discussed an estimate of \$31,000 for Summer Wind Drainage improvements. The site appeared to be located in a public easement just outside TxDOT's right of way. She discussed the advantages of using geotextile fabric and riprap instead of hard pavement. The Board asked Mr. Wright to prepare a quote, recognizing that competitive quotes would be needed for contracts of \$25,000 or more.

Ms. Vu gave an update on the emergency preparedness plan required by TCEQ, and there was a discussion of the services that would be needed to complete the TCEQ-specified template. Ms. Vu said the estimated cost was \$5,000, but it would be done on an hourly basis.

She also mentioned the proposed bond issue for WWTP improvements. She indicated that Jones & Carter Inc. was preparing an updated summary. She said the goal was to get necessary approvals to make it possible to get funding by April 2022. There was a discussion about coordinating the application for TCEQ approval closely with UD4's application for approval of its bonds. Ms. Vu indicated that the engineers would be checking the District's official boundary maps (which would also be needed for the proposed consolidation agreement).

Ms. Vu presented charts showing discharges from the WWTP, also flows received from Aqua Texas, Inc. (Lake Conroe Village). She said she had spoken to Chris Garcia with Aqua, who had said that Aqua did not have the engineering plans for the force main that crosses SH 105, but Aqua considered itself the owner. Mr. Wright reported that he had been in contact with Aqua about locating the Aqua force main and connection point north of SH 105. The President reported that Mr. Garcia had responded to her letter, but the requested data has not been received, and the requested meeting had not been scheduled.

There was a motion to authorize the President to issue work orders: (i) to HUNC for the Summer Wind Drainage Improvements (if less than \$25,000) and (ii) to WGA for the bond-related work and the preparation of the emergency preparedness plan. The motion was seconded, and all voted in favor.

7. Operator Report, Etc. Mr. Wright presented the operator's report. He asked for approval to move nine old unpaid water-sewer accounts to inactive status, to avoid the need to generate and send monthly bills. There was a motion to approve it. The motion was seconded, and all voted in favor.

Mr. Wright presented a revised rate schedule for one of the two operator contract amendments approved by the Board at an earlier meeting. The revised schedule would allow the cost of making all taps to be priced individually, except ¾-inch taps for Residential-SFR. He agreed that the basis for the individual prices should be the time and materials rates set by the contract. After discussion, it was moved and seconded to approve and authorize a revised amendment to the operating contract (for non-WWTP water and sewer facilities) to incorporate that change and to change the effective date to November 1. The motion was adopted unanimously.

There was also a motion to change the effective date of the amendment to the other operating contract amendment to November 1. The motion was seconded, and all voted in favor.

Mr. Wright also presented a comparison of UD3 water-sewer rates and UD4's increased water-sewer rates, including both special charges and monthly rates. There was a discussion, and the consensus was that more study would be needed before adoption.

There was an extended discussion of the manhole failure near SH 105 and the related line and manhole work. Apparently, ~~there~~ UD4 had a survey done, and it indicated that the new "sidecar" manhole near MH 358 was located on the boundary line between UD3 and UD4 but mostly within UD4. There was a discussion about cost responsibility based on boundaries versus cost responsibility based on sole or joint usage. Mr. Dougherty reported that UD4 had sent a replacement check for part of its share of the cost. He said it was marked "Final Payment." There was a brief discussion but no request to deposit that check.

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, under standard operating procedures. The motion was seconded, and all voted in favor.

8. Intergovernmental matters. There was an inquiry about the new traffic control devices at the main entrance to the District (SH 105 at April Sound Boulevard). Mr. Tibbetts described the last report he had received from TxDOT about the installation of the new devices (which, reportedly, would be done early in the project).

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

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

11. Other. The Secretary inquired about the December meeting. She said it had previously been held at the restaurant in Shenandoah (on IH 45), beginning at 10:30 AM on the regular meeting date, with a luncheon. There was no request to change that approach.

A motion was made to adjourn the meeting at about 5:10 PM. The motion was seconded and carried unanimously.

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

SIGNED: Doris Heckman, 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*.

Jan O'Keefe, 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 October 18, 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; also: amended district information form.
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 (including increases); rate order amendments; 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, arbitrage, 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 18 de octubre 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: 10/12/2021

DOC# 21-1567 POSTED 10/12/2021 09:06AM GWENDALYNN CAMARENA MARK TURNBULL, COUNTY CLERK MONTGOMERY COUNTY, TEXAS

