

MINUTES OF MEETING OF BOARD OF DIRECTORS
November 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 **November 15, 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, Katherine Vu and Mr. Zachary Timms 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 October 18, 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). There was no presentation by Mr. North. Later in the meeting, the President reported on a request from UD4 to discuss some WWTP “project commitments,” (1) agreement on the cost estimate, (2) concurrence in selecting engineers and construction, and (3) adding UD4 as an owner of the WWTP. There was a brief discussion of those proposed commitments, also other issues raised by UD4.

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 a large check to transfer most of the balance at BBVA (Compass Bank) to Central Bank, leaving an estimated balance to cover checks outstanding. He said the “insured cash sweep” process at Central Bank had started, and it looked like the bank was “sweeping” about two-thirds of the District’s balances. There was a question about the Off Cinco website billings, and he said corrected invoices had been promised.

It was duly moved and seconded to approve payment of the bills and authorize the checks prepared by Mr. Haskins to pay them, plus: (i) Check #11066 to transfer \$300,000 from BBVA (Compass Bank) to the District’s account at Central Bank, and (ii) a check for \$2,015 to pay the TCEQ fee for the WWTP permit renewal. All voted in favor.

5. Tax Assessor-Collector, Etc. The tax assessor-collector's report showed that 1.06 % of FY 2021 taxes had been collected.

6. Engineer's Report, Etc. Ms. Vu presented and reviewed the engineer's report. She said the document transfer from Jones & Carter, Inc. was in progress, and she gave brief updates on pending projects, including the bond application to TCEQ (which was being done in coordination with UD4, because UD4 would be applying for bond approval at the same time for its share of the WWTP project cost). She reported that she had called Mr. Chris Garcia about setting up the requested meeting on the Aqua Texas contract for Lake Conroe Village.

7. Operator Report, Etc. Mr. Wright presented the operator's report. He showed comparisons of meter counts and pumped quantities. There were questions about the number of new condo units sold at the Waterpoint development and the start of work on a bulkhead repair (including the driving of sheet piles). He said that UD4 had taken over all the maintenance costs of the Capetown Lift Station. He described a major expenditure for a pump for the old dry well at the WWTP.

Mr. Dougherty reported on two letters received from UD4, one relating to the Capetown Lift Station and the other relating to the collapsed manhole and related work. The second letter described a deduction taken by UD4 off its share of the manhole and related work. The deduction was \$28,171.68, matching the amount of an old invoice for work on pressure valves. The President asked for more information about the deduction. Mr. North said he would ask the UD4 attorneys to call the District's attorney to discuss it.

Later in the meeting, Mr. Roznovsky retrieved messages relating to the installation of the pressure valves. Using a wall map and magnetic dots, he showed the original eight valve locations, also the optimized locations and sizes (six locations using smaller valves). He said four of the original valves were installed, but two of those had to be relocated. Later, he said, two more were installed (making up the six at the optimized locations).

Mr. Roznovsky also reported on a discussion with the engineer for UD4 about UD4's new trunk water line along SH 105. He said that, it is possible based on a preliminary review of previous studies and system data, the new line may only function when there is a pressure loss in the area around the UD3 water plant; and, in those circumstances, it looked like water may only flow through the newly installed line if: (i) water from the east would not flow backward through the pressure valves (which it is supposed to do), and (ii) the pressure valves were not re-set or bypassed to allow water to flow backward through the pressure valves.

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 no action taken.

9. District policies, rates, etc. There were questions about a request to raise UD3's rates to match UD4's rates.

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

11. Other. There was a motion to reschedule the December regular meeting to start at 10:30 AM on the regular meeting date (December 20, 2021) but at the Pappadeaux restaurant near Shenandoah on IH 45, with lunch to be served. The motion was seconded and adopted.

A motion was made to adjourn the meeting at about 4:15 PM. The motion was seconded and carried unanimously.

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

SIGNED: Davis 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*.

Joe Chiles, Secretary, Board of Directors

(SEAL)



DOC# 21-1756

MONTGOMERY COUNTY UTILITY DISTRICT

11/12/2021 08:49AM

Shelby Curry
TARRANT COUNTY CLERK

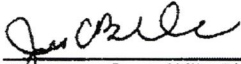
NOTICE: In accordance with Ch. 551, Tex. Gov't Code and Sec. 49.063, Tex. Water Code, as amended, take notice that the Board of Directors (Board) of Montgomery County Utility District No. 3 (District) will hold a public hearing open to the public, at 2:00 PM on November 15, 2021 at the offices of Hays Utility North Corporation (the District's utility operator) at 375 Lake Meadows Drive, Montgomery, Texas 77356, in Montgomery County, Texas. 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; publication of rules, regulations, penalties, etc.; 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: 
 Secretary, Montgomery County Utility District No. 3.
 Date: 11/11/21

