

MINUTES OF MEETING OF BOARD OF DIRECTORS
December 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 **rescheduled regular** session, open to the public, on **December 20, 2021** beginning at **10:30 AM** at the Pappadeaux Seafood Kitchen restaurant, 18165 Interstate 45 South, Conroe, Texas 77385 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. Boulware and Ms. Robert, 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.; Justin Abshire of Jones & Carter, Inc.; and James Dougherty, special counsel for the District. 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. 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 November 15, 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, Montgomery County Utility District No. 4(UD4). Mr. Dougherty reported that there were two pending requests from UD4, one to add UD4 as co-permittee on the WWTP permit and the other to appoint negotiators to conduct the 10-year review mentioned in the 2011 agreement for the WWTP. He said that changing the name on the permit would be inconsistent with the 2011 agreement as written, because the agreement specifies that UD3 (alone) would be the owner of the permit. He said there were other issues with the application forms prepared by UD4. He reported that UD4 had asked to start the 10-year review specified in the 2011 agreement, which required that each District appoint negotiators. Mr. Roznovsky advised that it would be better to apply to transfer the permit after the renewal permit is issued, unless the application could be changed right away so as not to delay the issuance of the renewal permit. After questions and discussion, there was a motion to: (1) express the general position that the District was not opposed to amending the permit (and optimism that it could be done) if the contract and the application forms were revised to make them correct and consistent; (2) authorize a letter to list issues to be addressed in the 10-year review; (3) appoint Mr. Tibbetts and Ms. Hickman as UD3’s negotiators; and (4) agree to bear the entire cost of the application to TCEQ (to change the permit) at the appropriate time.

4. Financial Matters. Mr. Haskins presented the bookkeeper’s written reports, one for the General Fund and the other for the Regional WWTP. He reviewed revenues and expenses to date, in each fund. After discussion, Mr. Tibbetts moved to: (1) accept the report; (2) approve and authorize the

checks prepared and presented; and (3) approve the draft budget for the General Fund, including the Tax Account budget as adopted the previous year.

5. Tax Assessor-Collector, Etc. The tax assessor-collector's report indicated 7.8% of TY 2021 taxes had been received.

6. Engineer's Report, Etc. Ms. Vu presented and reviewed the engineer's report. She reviewed pending projects, and Mr. Wright said that one project, a storm sewer repair, had cost less than expected. Ms. Vu recommended that the District postpone taking any bids until February, because of the holidays and potential lack of response by contractors. She reported that a rate analysis had indicated that adopting the new UD4 rates in UD3 would have a small effect on small-volume customers but would have a large effect on big users, like the POA and some restaurants (e.g., Fajita Jack's, Seven Leguas, Monte's).

Director Smith moved to approve and authorize preparation of plans for a water softening system and an application for TCEQ approval, at an estimated cost of \$7,500. The motion was seconded by Director Tibbetts, and all voted in favor. Director Smith also moved to accept the preliminary emergency response plan and authorize Jones & Carter to submit the required certification to TCEQ. The motion was seconded by Director Tibbetts, and all voted in favor. Mr. Tibbetts moved to accept the engineer's report. The motion was seconded by Director Smith and adopted.

Later in the meeting Mr. Abshire said there were some items in the cost estimate for the WWTP modifications that would need special discussion. He said the estimate and full report would be presented at the operating committee meeting set for that afternoon.

7. Operator Report, Etc. The Board received the operator's report. There was a motion and a second to defer action on delinquencies and service terminations. All voted in favor. Director Tibbetts moved to accept the operator's report. Director Smith seconded, and all voted in favor.

8. Intergovernmental matters. There was no action taken.

9. District policies, etc. Mr. Dougherty reported on the need to make advance preparations for the May 2022 directors election. After a brief discussion, Director Tibbetts made a motion that:

(1) the Board approve the appointment by the Secretary of an agent with an election office, as follows:

Meghan Koett, Paralegal, of Norton Rose Fulbright US LLP, as agent to perform the election duties provided in Election Code Section 31.123; and, in connection therewith, the agent will maintain office hours at 1301 McKinney, 50th Floor, Houston, Texas, 77010, on regular business days from 12:00 p.m. to 3:00 p.m. beginning on the 50th day before the elections scheduled for May 7, 2022 and ending on the 40th day after election day;

(2) the Board authorize the posting of notice of such appointment and the beginning and ending dates for filing applications for places on the ballot, as required by state law;

(3) the Board approve and authorize execution of contracts and agreements with Montgomery County for conducting a joint election and related election services; and

(4) the Board authorize the President, the Secretary, the Secretary's agent (appointed for election matters) and the attorneys (each of them) to take such other and further actions as may be necessary or convenient to prepare for or conduct the election.

The motion was seconded and adopted unanimously.

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

11. *Other*. Mr. Tibbetts had to leave the meeting after the action items had all been addressed. The Board stood in recess until lunch was served. No action was taken during lunch. The Board adjourned at about 1:45 PM.

These minutes were approved by the Board of Directors on June 17, 2022

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

Joe Brewer, Secretary, Board of Directors



Exhibit A

DOC# 21-1914

MONTGOMERY COUNTY UTILITY DISTRICT

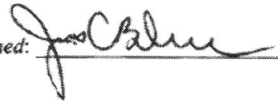
NOTICE: In accordance with chapter 551, Texas Government Code and Section 49.061, Texas Water Code, both as amended, take notice that the Board of Directors (Board) of Montgomery County Utility District No. 3 (MCUD#3) is holding a REGULAR session, open to the public at the Pappadeaux Seafood Kitchen restaurant, 18165 Interstate 45 South, Conroe, Texas 77385 in Montgomery County, Texas, at 10:30 AM on December 20, 2021. 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 and negotiations (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, credits, authorizations, transfers, transactions, 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 (including appointment of agent, deadlines, County contract, preparations, etc.); 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 20 de diciembre de 2021, a las 10:30 AM en el restaurante Pappadeaux Seafood Kitchen, 18165 Interstate 45 South, Conroe, Texas 77385 en el condado de Montgomery, Texas con los siguientes temas, entre otros:elección para la consolidación de los distritos: asuntos electorales.

Signed: 

Secretary, Montgomery County Utility District No. 3.

Date: 12/15/2021

