

MINUTES OF MEETING OF BOARD OF DIRECTORS
February 21, 2022

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 **February 21, 2022**, 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: Austin Gee and Chris Roznovsky 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 Mr. 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 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 January 17, 2022. There was a motion to approve those minutes, as revised. The motion was seconded, and all voted in favor.

2. Public comments. There were no public comments.

3. Neighborhood Update. Mr. North reported that the UD4 Board would be meeting later that same week. The President reported that there was a committee meeting set for the following Thursday to discuss amendments to the 2011 agreement for the WWTP.

4. Financial Matters. Mr. Haskins presented written bookkeeper reports, one for the General Fund and another for the Regional WWTP. He reviewed revenues and expenses, also the meager interest earnings on invested funds. There were questions about a charge for the OffCinco firm that appeared on the operator’s invoice. It appeared to be a duplication of billing to the District. Mr. Wright said he would get a review of the account. There was a motion to accept the reports and approve and authorize the checks prepared and presented. The motion was seconded, and all voted in favor.

5. Tax Assessor-Collector, Etc. The tax assessor-collector’s report indicated 87.52% of TY 2021 taxes had been received.

6. Engineer’s Report, Etc. Mr. Roznovsky presented the engineer’s written report. He said bids had been opened for the sanitary sewer rehabilitation project, and the apparent low bidder was Insituform Technologies, LLC. He said the engineers were familiar with that firm, and he recommended an award of the contract to that firm.

There was a discussion about the planned joint Board meeting to review the design work and proposed improvements to the WWTP (set for March 3, 2022 at 10 AM at the Jones & Carter office in The Woodlands). There were questions about the mobile belt press unit then being used to manage the sludge at the plant. Mr. Wright explained that it looked like an 18-wheel truck and trailer. Mr. Tibbetts asked if the District could acquire such a unit in lieu of spending about \$5 million to construct a fixed facility.

There was a discussion about the upcoming meeting with Aqua Texas representatives about the Lake Conroe Village contract, including the possibility of terminating that contract to reclaim the capacity used by Aqua Texas. There was a recommendation that any decision to terminate that contract be considered in conjunction with the proposed amendments to main agreement for the WWTP that was under discussion with UD4, including an amendment to allow transfers of capacity between plant participants.

After further discussion of the engineer's report, Director Boulware moved to: (i) adopt the Emergency Preparedness Plan and authorize WGA to submit it to TCEQ and (ii) authorize WGA to conduct the annual inspection of the District's water plant. Director Smith seconded, and all voted in favor. The President asked that the agenda for the special meeting include an item for the award of the contract for the sanitary sewer rehabilitation project, with the expectation that UD4 would indicate its approval of the award (and the related cost split) before the award. Mr. Roznovsky said he would submit the recommendation for award to the engineers for UD4. There was a request that the UD4 response be made in writing.

7. Operator Report, Etc. Mr. Wright presented the operator's report. He pointed out the difference between water plant pumpage (UD3 and UD4 combined) and gallons of wastewater treated. It appeared to be a difference of about 4.2 million gallons. There were questions and a discussion about inflow and infiltration in the UD3-UD4 collection system as well as the Lake Conroe Village system. Mr. Wright said he would look at data from lift stations to see if he could spot the sources.

The President asked about the two checks sent by UD4 for the manhole failure and related work in 2021. After discussion there was a motion to: (i) authorize the bookkeeper to deposit both checks; (ii) not acquiesce in the deduction taken by UD4 (or agree to it), but instead accept UD4's offer to continue discussion of the amount; and (iii) request the bookkeeper to send a revised quarterly statement showing the balance due. The motion was seconded, and all voted in favor.

The Board turned to delinquencies and disconnections, and:

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 President 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, etc. There were questions and a brief discussion about the proposal from the Gallagher agency for renewal of the District's insurance policies. After discussion, there was a motion to authorize the renewal (and a check for payment of the quoted premium). The motion was seconded, and all voted in favor.

There was an inquiry about a drainage problem near Harbor Town Drive. It was explained that the property in question was owned by the April Sound POA.

There was a motion to adopt an "ORDER AND RESOLUTION DESIGNATING AND RE-DESIGNATING MEETING PLACES, [ETC.]" which included the new WGA office in the Woodlands. The motion was seconded, and all voted in favor.

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

11. Other. There was no action taken on this item.

There was a motion to adjourn at about 4:45 PM. The motion was seconded and adopted.

These minutes were approved by the Board of Directors on March 22nd 2022, 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*

[Signature], Secretary, Board of Directors

(SEAL)



DOC# 22-0313
POSTED
02/15/2022 12:35PM
AIRN PREVITI
MARK TURNBULL, COUNTY CLERK
MONTGOMERY COUNTY, TEXAS

MONTGOMERY COUNTY UTILITY DISTRICT NO. 3

NOTICE: In accordance with chapter 551, Texas Government Code and Section 49.063, Texas Water Code, both as amended, take notice that the Board of Directors (Board) of Montgomery County Utility District No. 3 (District) will meet in in regular session open to the public, at 2:00 PM on February 21, 2022 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, improvements, 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, WWTP and other facilities, amendments, 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 encroachments); water audits/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, arbitration, consultants, solid waste, meeting places, offices, records, etc.); insurance; investments; elections for directors and consolidation of the District and election matters; , 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 21 de febrero de 2022, a las 2:00 PM en 375 Lake Meadows Drive, Montgomery, Texas 77356 en el condado de Montgomery, Texas con los siguientes temas, entre otros: elecciones para directores y consolidación de los distritos y asuntos electorales.

Signed: Jan Abshire, Secretary, Montgomery County Utility District No. 3.

Date: 2/15/2022

