

MINUTES OF MEETING OF BOARD OF DIRECTORS
March 3, 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 **special** session, open to the public, on **March 3, 2022**, beginning at **10:00 AM** at the offices of Jones & Carter, Inc., 1575 Sawdust Road, The Woodlands, Texas, in Montgomery County, Texas, when the following members of the Board, were present, thus constituting a quorum:

Doris Hickman, President
Richard Tibbetts, Vice President
Janis Boulware, Secretary and Assistant Treasurer
Carolyn H. Smith, Treasurer
Judy Robert, Assistant Secretary

Also present at the meeting place were: Justin Abshire, Bethany Miller and Jordan Dunn of Jones & Carter, Inc. Austin Gee and Chris Roznovsky of Ward, Getz & Associates, PLLC (“WGA”); Philip Wright and Brian Lucas of Hays Utility North Corporation; James Dougherty, special counsel for the District; Gary North, President of Montgomery County Utility District No. 4 (“UD4”); all other members of the Board of Directors of UD4; Dick Yale and Renae Ealy of Coats Rose, P.C., attorneys for UD4; and John Bleyl of Bleyl & Associates, engineers for UD4. In accordance with the notice attached as *Exhibit A*, the following was transacted:

WWTP Matters. Ms. Miller gave a presentation, with slides, about the proposed improvements of the WWTP. Focusing first on the replacement of the big lift station on the plant site, she said it would be upgraded and deepened, perhaps to 25-30 feet. Mr. Wright said that depth would provide influent storage that the WWTP did not then have.

She showed a photo of the existing elevated headworks and said that changes to the NFPA fire code required moving the small control panel from atop the headworks to a place on the ground nearby. Apparently the Fire Marshall had not reviewed the plans.

She showed a photo of an aeration basin and said the improvements would include increased aeration to handle higher loadings of organic materials.

Ms. Miller reported that the engineers planned to meet with TCEQ staff to discuss possible variances, with the objective of getting those issues settled before proceeding with the work.

She reviewed the alum pumps and sample pumps. Mr. Lucas asked about the possibility of replacing the phosphorus analyzers with a decentralized system using smaller devices. She said the equipment room needed a better drainage solution and new eyewash facilities.

She described the design and function of the clarifiers and pointed out a concrete collection box with a pump and controls. She said the controls needed to be moved because of the NFPA fire code. She said a drain pump had been installed, originally, in the wrong place, and it would be moved to a position where it could pump down either clarifier.

Referring to the tertiary filters, she described several changes that were needed. She showed a photo of the chlorine contact basin and explained that a new rule prohibited square corners. She said the engineers planned to seek a variance, because retrofitting an existing concrete chamber would be difficult. She mentioned disinfection equipment to be added.

Mr. Dunn gave a presentation about proposed solids-handling facilities. He said it was necessary either to increase the size of the digesters or to add thickeners. He said the engineers recommended thickeners, which would require sludge pumps and polymer injection equipment. He said the plan

included both a back-up method for drawing-off sludge and a larger non-potable water system. He showed a photo of a large non-potable water system at a plant serving the Walden area. He said the larger system would allow the operator to meet both small demands and large demands for water at the WWTP.

Mr. Dunn showed photos of belt presses and related structures. He said there should be odor-control equipment atop the dumpster position, which would help support an application for a variance to eliminate the need to acquire a buffer-zone easement on adjacent property. There was a discussion about odors, generally. Mr. Lucas said that sludge from belt presses smelled like dirt, so it would likely not cause a problem.

Ms. Miller said the new motor control room for the dewatering facility would include space for additional equipment if the WWTP capacity is increased to 1.5 MGD, when a back-up generator might be added. Mr. Lucas said the UD4 portable generator would not run the dewatering equipment. Mr. Wright said that emergency operation of the plant did not normally require solids management, so back-up generation might not be needed. Mr. Maurice Williams, a UD4 Director, asked whether the enclosed dewatering building would trigger "Division 1" electrical regulations. Ms. Miller said it would and added that changing to an open-type structure would trigger buffer-zone requirements.

Mr. Abshire said the J&C fee proposal for the proposed improvements was only for the design phase. Mr. Williams asked about the impact of variances on the estimated construction cost.

Mr. Abshire said that, for large projects like the one that is proposed, it would be possible to use a modified procurement procedure that would not be based on the lowest bid.

Mr. Williams asked about the involvement of WGA. Mr. Roznovsky and Mr. Abshire said WGA would handle drainage-related services, if they are needed. Mr. Abshire said Jones & Carter, Inc. (had been renamed "Quiddity Engineering") would handle all other engineering, including construction-phase services. There was a discussion about onsite representation during construction. Mr. Williams said UD4 would want to be involved with reviews and approvals during construction.

Mr. Bleyl asked about inflation in the cost estimate. Mr. Abshire said it was built into the subtotals (not broken out separately) and would not be broken out in the bond application (because TCEQ does not want to see separately-identified inflation in those estimates).

Mr. Abshire presented a "WWTP Sludge Dewatering Evaluation" which showed costs and other factors for three alternative dewatering solutions. Based on the selected factors and the assigned weightings for each factor, it showed that Alternative 2 (early construction and operation of on-site dewatering) had the best score. There was a discussion of the need for dewatering and the impact of regulations that require more-frequent sampling (and "bio-monitoring" requirements) when the capacity of the plant increases. Mr. Wright said the trigger would be putting the replacement lift station into operation. Mr. Lucas said the new bio-monitoring requirements would apply 90 days after the new plant goes into service.

Mr. Bleyl asked about discussions with the City of Conroe, which would be paying 25% of the cost of the improvements. Mr. Roznovsky said the last meeting with the City of Conroe had been 18 months earlier. Mr. Wright said the City of Conroe would charge a percentage of the estimated construction cost as a design review fee. The engineers said that fee was budgeted in the cost estimate at \$80,000. Ms. Miller said the City did not really have regulations to enforce.

While sandwiches and chips were being served, there was informal discussion of engineering and construction of the WWTP, including the provisions of the WWTP agreement (and possible amendments), the proposed improvements, and the proposal for engineering services from Jones & Carter, Inc. There were questions about construction management and construction observation, also possible procurement methods (low-bid vs. qualitative evaluations).

Mr. Tibbetts said that the WWTP agreements and improvements should not stand in the way of the consolidation election. He said residents might think that the tax increases needed for the WWTP would be caused by consolidation, just because they would be happening at the same time. He reported

a recent request (from the UD4 reps on the consolidation committee) for more financial studies. The President added that their primary concern was about tax rates. After discussion, Director Tibbetts moved to authorize the President to arrange financial advisory services to: (i) provide a cash flow spreadsheet for that purpose and (ii) work with the UD4 financial advisor on an analysis of financial condition with and without consolidation. The motion was seconded, and all voted in favor.

Operations, repairs, rehab, etc. Mr. Roznovsky described the pending bids for repairs and rehabilitation of sanitary sewer facilities, mostly relining. There were questions about the cost split among UD3, UD4 and the City of Conroe. Mr. Roznovsky and Mr. Dougherty explained the procedure for paying “non-flow-related” expenses of the WWTP, which should apply to one of the line segments to be rehabilitated (the segment of the 27-inch trunk on the plant site). It would involve paying for that segment out of the WWTP budget and later including the cost in the annual “true-up” analysis for the “non-flow-related” expenses.

Because UD4 had not indicated its concurrence with the cost splits, the Board deferred action on bids.

There was motion to adjourn at about 2:30 PM. The motion was seconded and adopted.

These minutes were approved by the Board of Directors on March 21, 2022.

SIGNED: Davis Hickmon, 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*.

José Balle, Secretary, Board of Directors



MONTGOMERY COUNTY UTILITY DISTRICT NO. 3

DOC# 22-0368
POSTED
DEC 29 2022 09:58PM
AIRM PREVITI
MARK TURNBULL, COUNTY CLERK
MONTGOMERY COUNTY, TEXAS

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 special session open to the public, at 10:00 AM on March 3, 2022, at the office Jones & Carter, Inc. at 1575 Sawdust Road, Suite 400, The Woodlands, Texas 77380. The subjects of the meeting are as follows:

Item 2 will include joint session with the Board of Directors of Montgomery County Utility District No. 4 (UD4)

1. **Notices.** Meeting notices agenda).
2. **WWTP matters.** Receive, discuss, consider and act upon reports, studies, plans, and data relating to the joint wastewater treatment plant located south of SH 105 near the District and UD4, including: (i) improvements, expansions, rehabilitation, site, permits, etc.; (ii) planning, design, engineering, construction, phasing, etc.; (iii) costs, cost-sharing, agreements, City of Conroe, Aqua Texas (Lake Conroe Village), other users, etc., (iv) financing, bonds, TCEQ application, etc.; (v) effect upon consolidation and consolidation agreement; and (vi) related matters.
3. **Operations, repairs, rehab, etc.** Receive, discuss and act upon reports and recommendations regarding sanitary sewer rehabilitation project, including bids received, award of construction contract, cost-sharing, and related matters.
4. **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.

Signed: Jos Crable, Secretary, Montgomery County Utility District No. 3. Date: 2/23/2022

