

MINUTES OF MEETING OF BOARD OF DIRECTORS

March 28, 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 28, 2022**, beginning at approximately **11:30 AM** 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 Ms. Boulware and Ms. Roberts, thus constituting a quorum. Also present at the meeting place were: Chris Roznovsky of Ward, Getz & Associates, PLLC (“WGA”) and Philip Wright of Hays Utility North Corporation. During the meeting, the Board placed a conference telephone call to special counsel James Dougherty (who was not an employee) for consultation as allowed by Chapter 551 of the Texas Government Code. 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 President noted the report from the Secretary that notice of the meeting had been posted as required by law, in the form shown in *Exhibit A*, attached.

2. WWTP Matters. There was a discussion about the proposed WWTP improvements and the pending proposal from Jones & Carter, Inc. (Quiddity) for engineering services. It was noted that UD3 Board had asked that Mr. Roznovsky, Mr. Bleyl, Mr. Dougherty and perhaps counsel for UD4 should discuss that proposal and work with Mr. Abshire on a revised version. There was a general consensus that the percentage-fee approach was not appropriate.

There was a brief discussion about the pending consolidation agreement and the other joint agreements between the two Districts. It was reported that the consolidation committee had met the previous week and agreed upon assumptions for updating the financial analysis of consolidation. The President said UD4 would be working with David Wood. She said that UD4 seemed to be focused on tax rates, to determine the rates if the two districts merge compared to the rates if they do not, under three debt scenarios: (1) existing debt plus debt for the current expansion of the WWTP, as the base; (2) base plus \$10,000,000 more debt (\$5,000,000 for each district); (3) base plus \$20,000,000 more debt (\$10,000,000 for each district). Later, Mr. Tibbetts suggested that the financial simulations—especially for the “legacy” debt service tax rates if the districts are consolidated—should include cash reserves of each district at the time of consolidation.

Regarding the WWTP amendments, the President reported that the WWTP committee had recognized that using the Appendix B of the SPA’s as a base for the amendments to the agreement was appropriate—because the 2011 agreement was so poor. There was a discussion about the benefits of allowing transfers of capacity and the possible effects of inflow and infiltration (which could affect the safe flow levels of the two districts), all of which were addressed by new language in the marked version Appendix B.

6. **Operations, repairs, rehab, etc.** Mr. Roznovsky reported that he had received a letter that morning from UD4 approving the cost splits for the proposed sanitary sewer rehabilitation project, with one requested change (about \$700 for traffic control, which would be allocated to other parts of the project that required traffic control). At that point, there was a motion to award the contract to the low bidder, Insituform Technologies, LLC based on its base bid in the amount of \$1,039,511.50. The motion was seconded, and all voted in favor.

7. **Taxes, Etc.** Mr. Dougherty reported a need to approve an amended District Information Form using the alternate form prescribed by the Water Code for districts that overlap city limit boundaries. Ms. Smith moved to approve an amended District Information Form using that alternate form. Mr. Tibbetts seconded, and all voted in favor.

There was a motion to adjourn at about 12:50 PM. The motion was seconded and adopted.

These minutes were approved by the Board of Directors on April 18, 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 Chley, Secretary, Board of Directors



Exhibit A

DOC# 22-0565
POSTED
03/24/2022 08:06AM
AIRM 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 special session open to the public, at 11:30 AM on March 28, 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.** 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. **Financial matters.** Receive, discuss, consider and act upon reports; budgets (GF and WWTP); bills/payments, transfers; depository matters; audit; investments; bonds (application to TCEQ, proceeds, etc.), Strategic Partnership Agreement (City of Conroe) payments and related matters.
5. **Taxes, etc.** Receive, discuss and act upon reports, tax data, exemptions, levies, penalties, collections and other tax matters; also: amended district information form.
6. **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: Joe C. Bullock, Secretary, Montgomery County Utility District No. 3. Date: 3/23/2022

