

MINUTES OF MEETING OF BOARD OF DIRECTORS

October 10, 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” or “UD3”) met in **special** session, open to the public, on **October 10, 2022, at 2:00 P.M.** 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 President reviewed the membership 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 was Katherine Vu of Ward, Getz & Associates, PLLC (“WGA”), Justin Abshire of Quiddity engineering LLC, Philip Wright of Hays Utility North Corporation, 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, Etc. The Secretary reported that the notice had been duly posted, in the form shown in *Exhibit A*, attached.

2. WWTP and related matters. The President opened discussion of the proposed improvements to WWTP, including the pending joint letter with Montgomery County Utility District No. 4 (“UD4”) and the draft Second Amendment to the PSA with Quiddity Engineering, LLC (“Quiddity”). The Board reviewed various provisions of the letter and draft Second Amendment.

The President reported that the UD4 accounting firm (MAC) had declined the opportunity to handle bookkeeping for the proposed new WWTP capital account. Also, there appeared to be a potential disagreement between Quiddity and UD4 on the question of “backup documentation” for Quiddity invoices. Mr. Abshire explained that he had concerns about what “backup documentation” UD4 would be expecting because the term was not specifically defined. He said Quiddity could provide a list of hourly billing for non-lump sum tasks but would not provide any documentation on lump sum tasks. There was discussion about backup that Quiddity could provide, like a copy of the contract and evidence of work done during the billing period. Director Boulware suggested that Quiddity attach it all to each invoice.

There was a discussion of amendments to the pending joint letter and the draft Second Amendment, including: (i) referring to the new committee as the “project” committee; (ii) confirming that the existing Operations Committee would continue (and updating contract provisions for it); (iii) specifying that each Board would pick its own representatives and alternates on each committee (and allowing overlapping so that directors could serve on both committees); (iv) clarifying that City of Conroe representation would be optional; (v) allowing informal action, by both committees; (vi) setting the quorum for the Operations Committee as three directors; (vii) setting the quorum for the new project committee as three directors plus one engineer; (viii) abandoning the proposal to hire MAC for the capital account, but instead use the regular WWTP bookkeeper, with the cost being paid as an operating expense of the WWTP; and (ix) allowing part payment of the District’s share and City of Conroe share of an invoice, even if the UD4 share is not received (as requested by Mr. Abshire).

After discussion, Director Robert moved to approve and authorize both the pending joint letter (“WITHOUT PREFUNDING” version) and the draft Second Amendment to the PSA with Quiddity, substantially as the documents were presented but with amendments as discussed. Director Smith seconded, and all voted in favor. There was also a motion to: (1) approve and authorize checks to pay into the new capital account both UD3’s share of the estimated total cost of design-phase engineering (\$409,500) and the portion of the City of Conroe share already received; and (2) authorize the District’s officers to open the new account; and (3) authorize

the President and Secretary to take such other and further action as may be necessary or appropriate to carry out the other actions. The motion was seconded, and all voted in favor.

3. Operations, repairs, rehabs, etc. The President asked about the Aqua Texas, Inc. contract and Aqua's request for an easement. Ms. Vu reported that Aqua still wanted the easement. There was a brief discussion about appraisals.

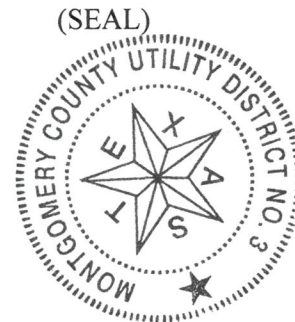
There was a motion to adjourn at about 3:35 PM. The motion was seconded and adopted.

These minutes were approved by the Board of Directors on November 21, 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*.

Jas. Chiles, Secretary, Board of Directors



DOC# 22-1919
POSTED
10/06/2022 04:54PM
Shelby Curry
MARK TURNBULL, COUNTY CLERK
MONTGOMERY COUNTY, TEXAS

**MONTGOMERY COUNTY UTILITY DISTRICT NO. 3
NOTICE OF MEETING OF BOARD OF DIRECTORS**
(rescheduling of previously-called meeting)

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 **2:00 PM on October 10, 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.** (This is a rescheduled date and time for the special meeting previously called for October 7, 2022 at 12:30 PM, which will not be held.) The subjects of the meeting are as follows:

1. **Notices.** Meeting notices, agenda, etc.
2. **WWTP and related 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 Montgomery County Utility District No. 4 (UD4), including: (i) improvements, expansions, rehabilitation, site, permits, etc. and proposals and contracts relating to same, including proposal and professional services agreement with Quiddity Engineering LLC and related entities; (ii) planning, design, engineering, construction, phasing, etc. and contracts and proposals relating to same; (iii) costs, cost-sharing, agreements (with UD4, City of Conroe, Aqua Texas-Lake Conroe Village, other users) etc., (iv) financing, bonds, TCEQ application, etc.; (v) bonds, debt service, taxes, other revenues, etc.; and (vi) related matters.
3. **Operations, repairs, rehab, etc.** Receive, discuss and act upon matters relating to the District's water, sanitary sewer and solid waste systems and operations including repairs, rehabilitation, costs, billing, contract amendments, change orders, etc.
4. **Other: (i) inquiries, (ii) cybersecurity training, and (iii) 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: Shelby Curry, Secretary, Montgomery County Utility District No. 3. Date: 10/6/2022

