

**MINUTES OF MEETING OF BOARD OF DIRECTORS**  
**October 17, 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 **October 17, 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 President reviewed 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, except Mr. Tibbetts (who arrived very shortly thereafter), were present at the meeting place, thus constituting a quorum. Also present at the meeting place were: Chris Roznovsky and Katherine Vu of Ward, Getz & Associates, PLLC (“WGA”); Steve Haskins of Protocol Bookkeeping, Inc.; 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 the following business was transacted, in accordance with the notice attached as *Exhibit A*:

**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 draft minutes for the meeting of September 19, 2022. There was a motion to approve them, as presented. The motion was seconded, and all voted in favor.

**2. Public comments.** There were no public comments.

**3. Neighborhood update.** There was no representative of UD4 in attendance. Later in the meeting, there were reports, discussions, etc. on joint wastewater facilities, and the Board reviewed a draft email to be used to distribute updated consolidation information.

**4. Financial matters.** Mr. Haskins presented written bookkeeper reports, one for the General Fund and another for the Regional WWTP account. He mentioned several expenditure items, also interest earnings that were higher than budgeted. He said he had sent an invoice to the City of Conroe for the Capacity Reservation Fees under the Strategic Partnership Agreements. There was a motion to accept the bookkeeper’s report and approve and authorize the checks as prepared and presented.

The President reported on a consultation with the District’s financial advisor about the proposed new bond issue. There was a brief discussion and a consensus that the District should get the WWTP contractual issues settled before going to market with the proposed new bond issue.

**5. Taxes, etc.** The tax assessor-collector’s report was not available during the meeting.

**6. Engineering matters.** Ms. Vu presented the engineer’s report. She gave an update on the inquiry from Aqua Texas Inc. about acquiring an easement across District property along the west line of the WWTP site, and she showed a map illustrating two pipeline routes from SH 105 to the Aqua

plant. She said Aqua was getting side-by-side contractor estimates. There was a discussion about special construction techniques that might be necessary for the eastern route, also the time it would take. There was a question about the possibility of getting an agreement to allow the District to send some sewage flows to the Aqua plant.

Ms. Vu gave an update on the proposed recoating project, after which there was a motion to authorize the engineers to advertise for bids. The motion was seconded and adopted. She also reported on an inquiry letter from Water Engineers, Inc. (on behalf of Crown Oaks Drive, LLC) about wastewater service for a new development several miles away. There was a motion to respond to the letter indicating that no capacity was available in the WWTP.

There were reports and a general discussion about the proposed joint letter with UD4 for design-phase engineering for proposed improvements to the WWTP, including: (i) the 2011 agreement for the WWTP; (ii) the billing to the City of Conroe for Capacity Reservation Fees (which would cover part of the funds for the design-phase engineering); and (iii) the proposed amendment to the PSA with the Quiddity entities for the design-phase engineering (including Quiddity's concerns about "backup documentation"). After the discussion, the Board reached a consensus to: (1) ask the UD4 President to have the UD4 engineers review Mr. Abshire's comments about "backup documentation" and resolve them; (2) await the arrival of the check from the City of Conroe, because of the comments made by City staff; (3) request the attorney to research and report on possible adjudications of the old agreement, including regulatory agencies; (4) set a special meeting for October 31 at 2 PM, subject to the call of the chair, to address the UD4 joint letter, the Second Amendment to the PSA, and the timing of the proposed bond issue.

**7. Operations.** Mr. Wright presented the operator's written report. He said that, overall, the water wells were in good condition, and he would distribute detailed reports. He mentioned several water leaks. He said water billings would be dropping as the temperatures drop. He discussed the ChemScan analyzer at the WWTP and recommended sticking with it, even though work had to be done on it. There were questions about some items billed for the joint water plant, and Mr. Wright indicated that some of them should be split. He said he would revise the affected categories for the billing. The President commented on lower reported flows at the WWTP.

*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 persons 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 about archiving operator's reports, bookkeeper reports (with invoices, etc.), and similar documents.

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

**11. Other.** The Secretary reported that there had been an increase in the amount of the minimum guarantee to use the Pappadeaux meeting room on IH 45 (for the December meeting).

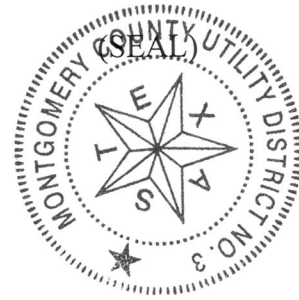
There was a motion to adjourn at about 4:58 PM. The motion was seconded and adopted.

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

SIGNED: Doris Huckman, 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*.

Jan Chelle, Secretary, Board of Directors





DOC# 22-1949  
POSTED  
10/12/2022 08:14AM  
GWENDALYNN CAMARENA  
MARK TURNBULL, COUNTY CLERK  
MONTGOMERY COUNTY, TEXAS

**NOTICE OF MEETING  
OF THE BOARD OF DIRECTORS OF  
MONTGOMERY COUNTY UTILITY DISTRICT NO. 3**

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 **regular** session open to the public, at 2:00 PM on **October 17, 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: —

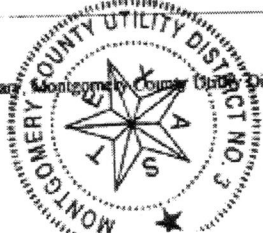
1. **Notices, Minutes, Directors, Officers.** Notices; minutes of current and prior meetings; etc.
2. **Public comments.**
3. **Neighborhood matters,** including Montgomery County Utility District No. 4 (UD4), projects, facilities, etc., also: receive, discuss, consider and act upon reports, drafts and data relating to consolidation of the District with Montgomery County Utility District No. 4 (UD4), as allowed by Chapter 54, Texas Water Code.
4. **Financial matters.** Receive, discuss, consider and act upon: bookkeeper and investment reports; budgets (GF and WWTP); bills/payments (including Capacity Reservation Fee payable by City of Conroe); transfers; depository matters (including agreements); audit (report, engagement of auditor); investments; proposed Unlimited Tax Bonds (offering, documents, sale, 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.
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; engineering and other professional services; 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.
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, cyber-security; meetings; public records; solid waste (including contracts); 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.

Signed: *[Signature]*

Secretary, Montgomery County Utility District No. 3



Date: 10/12/2022