

**MINUTES OF MEETING OF THE BOARD OF DIRECTORS**  
**December 19, 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 rescheduled** session, open to the public, on **December 19, 2022**, beginning at **10:30 AM** at Pappadeaux Seafood Kitchen restaurant, 18165 Interstate 45 South, Conroe, Texas 77385 in Montgomery County, Texas, with the members of the Board being:

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 Ms. Hickman, 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 Vice 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 meetings of November 7 and 21, 2022. There was a motion to approve them, as corrected. 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 discussions about the Regional WWTP and joint (wholesale) facilities.

**4. Financial matters.** Mr. Haskins presented written bookkeeper reports, one for the General Fund and another for the Regional WWTP account. He mentioned that Aqua Texas, Inc. had paid three monthly billings, except for a small adjustment on a delinquent billing. He reported that interest earnings had improved. There was a motion to accept the bookkeeper’s report and approve and authorize the checks as prepared and presented.

Later in the meeting, Mr. Haskins presented a draft budget for the General Fund for 2023. There were questions and a discussion. After discussion, there was a motion to adopt the budget as presented. The motion was seconded, and all voted in favor (adopted 4-0). There were questions and a discussion about payments from UD4 and old agreements. After discussion, there was a motion to ask Mr. Dougherty to write up possible approaches for obtaining authoritative interpretations of the old agreements with UD4 (and obligations for payments) and send them to the District’s general counsel for evaluation and report. The motion was seconded, and all voted in favor.

**5. Taxes, etc.** The tax assessor-collector’s reports indicated that 6.79 % of TY 2022 taxes had been collected.

**6. Engineering matters.** Ms. Vu presented the engineer's report. She reported there had been no comments from TCEQ on the emergency preparedness plan, and she gave an update on the sewer line and manhole rehab project. Mr. Roznovsky said the contractor had left a plug in a line too long which caused a surge in the flow, and the contractor had changed its procedures to avoid doing it again. He also said the work on the project was proceeding slowly, possibly because of problems with subcontractors doing the televising.

Ms. Vu reported that TxDOT could not predict a completion date for the project on SH 105. There was a brief discussion about the project and related work. Ms. Vu mentioned that Aqua Texas, Inc. was considering whom to designate to meet with Mr. Tibbetts to discuss the requested easement along the west line of the WWTP site.

Mr. Wright reported that there were quite a few houses completed in the City of Conroe's Chapel Run area, but only a handful were occupied. As a result, he said, the sewage flows were low, and they was being hauled temporarily (not pumped to the Regional WWTP). Mr. Tibbetts reported that the ASPOA was opposing a second vehicular exit for the proposed development on the Pope Tract, and the owner was seeking a variance from the City of Conroe (and, possibly, it could affect the SH 105 project by forcing u-turns).

The engineers recommended award of the contract for recoating work at the water plant to CFG Industries LLC on its low bid in the amount of \$285,100. There was a motion to award the contract to that firm on that bid. The motion was seconded, and all voted in favor.

**7. Operations.** Mr. Wright presented the operator's written report. He said that lightning had struck the motor on the Jasper well at the water plant, and it had been pulled and sent to the shop for repair. He said he would check with the insurance agent about coverage for the loss (and the deductible amount).

Mr. Wright reported on preparations for the severe cold weather that had been predicted for later that week (beginning Thursday). There was a discussion about freeze protection, electrical supply, and back-up generation.

He said the operators had done fire hydrant inspections, and one hydrant (on April Point North) needed to be replaced. He also said the operators had done some directional flushing of water lines in the Dawn's Edge area.

Mr. Wright mentioned that water from the Jasper aquifer was harder (contained more minerals) than water from the Catahoula aquifer. There were questions and a discussion about "pigging" some water lines. Mr. Wright said he would work with the engineers to develop a systematic plan for "pigging" and coordinate it with UD4's efforts. Responding to a comment, he said he would make sure that credits would be issued for some mistaken cost allocations at the water plant, including a credit for well oil.

There was a motion to suspend disconnections during the holiday season. The motion was seconded, and all voted in favor.

**8. Intergovernmental matters.** Mr. Tibbetts reported that ASPOA was contemplating discussions with TxDOT about erecting a new fence along SH 105. He said TxDOT would require a "joint use agreement" to put the fence on TxDOT property, preferably with a governmental agency (like the City).

**9. District policies, etc.** Mr. Dougherty reported on training requirements required by law (cyber awareness, PIA, OMA) and recommended that everyone re-take the OMA training (a video on the Attorney General's website). He presented an amendment to ATTACHMENT I of the District's policy resolution to formalize meeting and public information provisions. There was a motion to adopt

the resolution as amended. The motion was seconded, and all voted in favor, thus adopting the amended policy resolution.

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

**11. Other.** There was a motion to set a special meeting on December 28 at 1:00 PM at the regular meeting place. The motion was seconded, and all voted in favor. There was informal discussion of items mentioned above while lunch was served, but no action was taken.

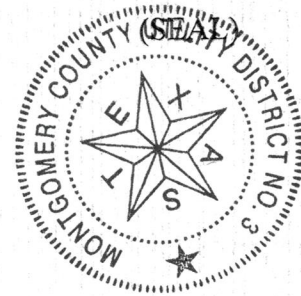
There was a motion to adjourn at about 2:29 PM. The motion was seconded and adopted.

These minutes were approved by the Board of Directors on January 16, 2023.

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*.

Joan Bule, Secretary, Board of Directors



DOC# 22-2356  
POSTED  
12/13/2022 04:38PM  
GHENDALYNN CAMARENA  
MARK TURNBULL, COUNTY CLERK  
MONTGOMERY COUNTY, TEXAS

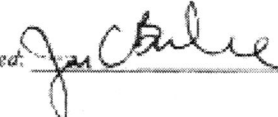
**NOTICE OF MEETING  
OF THE BOARD OF DIRECTORS OF  
MONTGOMERY COUNTY UTILITY DISTRICT NO. 3**

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 **rescheduled regular session**, open to the public at 10:30 A.M. on **December 19, 2022** at the Pappadeaux Seafood Kitchen restaurant, 18165 Interstate 45 South, Conroe, Texas 77385 in Montgomery County, Texas. The subjects of the meeting are as follows:

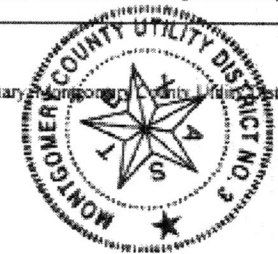
1. **Notices, Minutes, Directors, Officers.** Notices; minutes of current and prior meetings; etc.
2. **Public comments.**
3. **Neighborhood matters**, including Montgomery County Utility District No. 4 (UD4), projects, facilities, consolidation, etc.
4. **Financial matters.** Receive, discuss, consider and act upon: bookkeeper and investment reports; budgets and amendments (GF and WWTP); bills/payments (including Capacity Reservation Fee payable by City of Conroe and payment by Aqua Texas, Inc.); transfers; depository matters (including agreements); audit (report, engagement of auditor); investments and investment policies; 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, permits, easements, etc.; 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, City of Conroe, etc.); 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 (including easement requested by Aqua Texas, Inc.); (vi) engineering services procurement, agreements, etc.; and (vii) related matters.
7. **Operational matters.** 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, arbitrage, consultants, solid waste, meeting places, offices, records, etc.); insurance; investments; mandatory trainings; 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: 

Secretary, Montgomery County Utility District No. 3



Date: 12/13/2022