

**MINUTES OF MEETING OF THE BOARD OF DIRECTORS**  
**January 16, 2023**

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 **January 16, 2023**, 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, 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 Mr. Tibbetts and Ms. Robert (who arrived during the operator’s report), were present at the meeting place, thus constituting a quorum. Also present at the meeting place were: 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 meetings of December 19 and 28, 2022. There was a motion to approve them, as revised. 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 the financial advisor had recommended that the District move money from General Fund reserves to the special interest-and-sinking fund for the revenue bonds (which were held by the TWDB), and he would be arranging transfers for that purpose over the next few months. After the presentation and discussion, there was a motion to accept the bookkeeper’s report and to approve and authorize the checks as prepared and presented. The motion was seconded, and all voted in favor (adopted 3-0). It was noted that the Board had previously authorized a check in the amount of \$409,500 as the initial deposit into the special project account for WWTP design-phase engineering.

**5. Taxes, etc.** The tax assessor-collector’s reports indicated that 58.34 % of TY 2022 taxes had been collected.

**6. Engineering matters.** Ms. Vu presented the engineer’s report. She said the contractor on the sewer line and manhole rehab project had completed the necessary televising. Mr. Wright said the contractor had caused a manhole to overflow shortly before Christmas. Ms. Vu said the contractor had

agreed not to resume work on the main trunk sewer (near SH 105) without coordinating with the operator and providing bypass pumping.

Ms. Vu reported that, based on records in the engineer's office (not title research), the engineers had found a few segments of storm sewers that were apparently not located in recorded easements. She recommended getting quotes for title work on those segments and also having metes-and-bounds descriptions and easement drawings prepared where necessary. There was a brief discussion, after which Director Boulware moved to authorize the engineer to get quotes for those services and bring them back to the Board.

Ms. Vu explained that the engineering services agreement between WGA and the District allowed the engineer to propose an updated SCHEDULE OF HOURLY RATES once per year. She presented such a schedule and explained that the rates would apply to all of WGA's water district clients. The attorney explained provisions of the agreement. Later in the meeting, the discussion resumed. Recognizing that the engineer had not raised rates the prior year, and also that the proposed increase was lower than the increase in the CPI, there was a motion to approve and authorize the proposed new rates, to take effect on the 45th day after the notice date. The motion was seconded, and all voted in favor (adopted 3-0).

There was a motion to authorize the engineers to coordinate execution of the contract documents for the water plant recoating project with the attorney, the President, and the Secretary, and to gather the necessary signatures. The motion was seconded, and all voted in favor (adopted 3-0).

Mr. Wright explained that adding covers for the clarifier weirs at the WWTP would cut down on algae growth and reduce operating costs, and the chief plant operator was recommending them. He said the recommendation was being forwarded to the engineers.

**7. Operations.** Mr. Wright presented the operator's written report. He said that nothing had failed during the December freeze incident, but the Entergy website had erroneously reported a power outage. He said that the Jasper well at the water plant was down during the incident because of a previous lightning strike. He mentioned problems at other water district systems.

He said the operator was preparing to start "pigging" of water lines, in coordination with UD4's pigging operations. There was a motion to authorize the necessary work. The motion was seconded, and all voted in favor (adopted 4-0). Earlier in the meeting, Mr. Wright reported that the City of Conroe was still hauling sewage from the Chapel Run area. He explained that, because of low flows, it was not being pumped to the Regional 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 each person 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.** During the meeting, there was a brief report and discussion about the TxDOT project on SH 105.

**9. District policies, etc.** There was no action taken.

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

**11. Other.** There was no action taken.

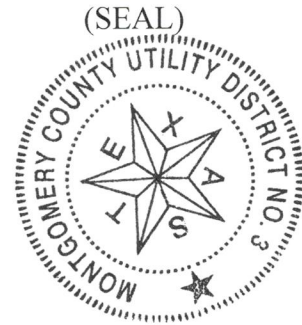
There was a motion to adjourn at about 4:10 PM. The motion was seconded and adopted.

These minutes were approved by the Board of Directors on February 20, 2023.

SIGNED: Davis Huckeman, 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 Barber, Secretary, Board of Directors



DOC# 23-0057  
POSTED  
01/11/2023 08:09AM  
AIRN PREVITI  
L. BRANDON STEINMANN, 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 **January 16, 2023** 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, 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, bank accounts, collateral, 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, adjudication; 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: *Jean Barber*, Secretary, Montgomery County Utility District No. 3. Date: 1/11/2023

