

MINUTES OF MEETING OF THE BOARD OF DIRECTORS
February 20, 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 **February 20, 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 were present, thus constituting a quorum. Also present at the meeting place were Chris Roznovsky and Ashwin Naidu of Ward, Getz & Associates, PLLC (“WGA”); Steve Haskins of Protocol Bookkeeping, Inc.; and Philip Wright of Hays Utility North Corporation. Also present was Ms. Taani Follis, a resident of the District (at 116 April Wind Drive North). James Dougherty, special counsel for the District arrived shortly after the meeting was called to order. 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 January 9 and 16, 2023. There was a motion to approve them, as revised. The motion was seconded, and all voted in favor.

2. Public comments. Ms. Follis addressed the Board about drainage conditions on April Wind Drive North. She said her lot was apparently the low point in the area, and when there were high volumes of runoff, some of the water had come onto her property. She said she had put in a pool and made some other changes that may have affected drainage. Mr. Roznovsky described work that had been done on the adjacent lot (owned by the District). There were questions about whether the adjacent lot tilted toward Ms. Follis’ lot. Ms. Follis also asked about trimming a large oak tree on the rear of the adjacent lot. The President asked Mr. Roznovsky to investigate the situation and report his findings.

3. Neighborhood update. There was an inquiry about solid waste pickups at an elderly resident’s home, followed by a brief discussion of existing District policy. The attorney reported that the agreement with the solid waste collector said: “All containers or bundles to be picked up must be placed at curbside in front of the residence, or in a location easily seen from the street if agreed to by District and Collector.” The President asked Mr. Wright to talk with the collector and the resident. Later in the meeting, there was a discussion about the Joint WWTP and other jointly-used (wholesale) facilities, also a request for legal advice (in preparation). There was a motion to authorize Mr. Roznovsky, Mr. Dougherty, and Ms. Boulware to work with the attorneys on the request. The motion was seconded, and all voted in favor.

4. Financial matters. Mr. Haskins presented written bookkeeper reports, one for the General Fund and another for the Regional WWTP account. There was a question about payments from Aqua

Texas, Inc. for sewage disposal services. He said he was continuing to work with the financial advisor to move money from General Fund reserves to the special interest-and-sinking fund for the revenue bonds (which were held by the TWDB). He mentioned other transactions and balances.

Mr. Haskins explained that Central Bank had misplaced some of the documents that the District had signed and submitted in September 2021. There was a motion to authorize the President and Secretary to execute replacement documents (carrying the same dates as the ones that were misplaced). The motion was seconded, and all voted in favor.

Mr. Tibbetts asked about the check to pay the electricity bill, and there was a brief discussion about why the bill appeared to be higher than in previous months. Mr. Haskins mentioned a problem with the gas billing for the Dawns Edge Lift Station. He said it had been resolved, and the gas had been turned back on.

After the presentation and discussions, 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.

5. Taxes, etc. The tax assessor-collector's reports indicated that 86.26 % of TY 2022 taxes had been collected.

6. Engineering matters. Mr. Roznovsky presented the engineer's report. He described ongoing work to repair sanitary sewer lines, including the installation of cured-in-place (CIPP) liners. There was an update about the insurance and contract issues on the recoating project.

Mr. Roznovsky reported that UD4 had submitted comments on the draft TD PES permit for the WWTP. He said he was expecting word from TCEQ about the variances requested for the design of the WWTP improvement project.

After the report, there was a motion to: (i) authorize the President to review and approve requests for variations from insurance specifications for the recoating project (and to authorize approval and execution of the contract documents), and (ii) authorize WGA to engage Core Surveying, Inc. as a subcontractor to proceed with title research and preparation of easements for storm sewers, in the amount of \$13,300. The motion was seconded, and all voted in favor.

7. Operations. Mr. Wright presented the operator's written report. He said there was an error in the report, and the WWTP flow average should have been shown as 0.778 million gallons per day. He mentioned other system statistics. He said LSGSD had begun requiring a hydrologist report on all applications for permit amendments. He said the "pigging" of water lines had been completed, but the work had caused a leak (which had been repaired).

Mr. Wright gave updates on the fence around the Waterpoint lift station and the autodialer at the April Point South lift station. After discussion, there was a motion to: (i) replace the fence with chain link, but offer the landowner the option to pay the incremental cost of slats to provide privacy (or to install some other fence at the landowner's expense), and (ii) upgrade the autodialer at the lift station on April Point South to a MultiSmart device.

8. Intergovernmental matters. There was no action taken.

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 4:45 PM. The motion was seconded and adopted.

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

SIGNED: Aavis 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*.

Jean Bulce, Secretary, Board of Directors



DOC# 23-0274
POSTED
02/15/2023 02:04PM
GWENDALYNN CAMARENA
L. BRANDON STEINMANN, COUNTY CLERK
MONTGOMERY COUNTY, TEXAS

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

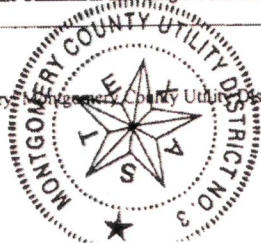
In accordance with chapter 551, Texas Government Code and Section 49.063, Texas Water Code, both as amended, take notice that the Board of Directors (Board) of Montgomery County Utility District No. 3 (District) will meet in **regular** session open to the public, at 2:00 PM on February 20, 2023 at the 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. on WWTP site); (vi) engineering services procurement, agreements, etc.; and (vii) related matters; *also* bid of CFG Industries LLC for recoating work, including insurance, contract, revocation of award, bid security, re-award, etc.
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: 2/15/2023