

**MINUTES OF MEETING OF THE BOARD OF DIRECTORS**  
**March 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 **March 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. James Dougherty, special counsel for the District arrived shortly after the meeting began. Dimitri Millas and Leslie Bacon, of Norton Rose Fulbright, LLP, arrived at about 2:50 PM.

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 February 20, 2023. There was a motion to approve them, as revised. The motion was seconded, and all voted in favor.

**2. Public comments.** There was an inquiry about drainage conditions on April Wind Drive North which had been reported by Ms. Tanni Follis at the February meeting. Mr. Roznovsky gave an update. He indicated that Ms. Follis had not contacted him after the meeting.

**3. Neighborhood update.** No representative of Montgomery County Utility District No. 4 (“UD4”) was present. Later in the meeting, there was an executive session and discussion relating to UD4.

**4. Financial matters.** Mr. Haskins presented two written bookkeeper reports, one for the General Fund and another for the Regional WWTP account. He said net revenues in the General Fund (revenues less expenses) were running below budget, actually negative, year to date, because there was a big transfer for WWTP engineering (Account 7312). During a brief discussion, Mr. Roznovsky indicated that the transfer should have been made from bond proceeds, not the General Fund.

Mr. Haskins explained that Central Bank had promised to provide replacements for the documents the bank had misplaced. He also said he wanted to open a separate account for the 2023 bonds, which would help prepare for the annual audit.

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 said the contractor for the sewer line repair project had completed the televising, but televising was not a separate billing item, so the percentage of billing to date was lower than the percentage of work done. Mr. Wright and Mr. Roznovsky described the bypass facilities that were being installed south of SH 105, upstream of the WWTP. Mr. Roznovsky said he would send around details of the lining work that would be done when the bypass is operational. He and Mr. Wright explained that the east-west trunk line along the north side of SH 105 had some apparent problems, including some two-inch vertical lines (which may have been installed as vents) and some low spots (or sags). They said the two-inch lines were embedded in concrete, which may have been injected to stabilize nearby manholes.

Mr. Roznovsky said there had been a pre-construction meeting with the contractor for recoating work at the water plant, and there was a general agreement to postpone mobilization until the Fall.

After the engineer's report, there was a motion to approve and authorize the two recommended pay estimates and the change order (in the amount of \$90,490) for the sanitary sewer repair project. The motion was seconded, and all voted in favor.

7. **Operations.** Mr. Wright presented the operator's written report. He described some electrical issues at two lift stations (starter switches and generator). He said some items needed for the generator were proprietary to the manufacturer, so it was necessary to hire an authorized dealer in Houston to troubleshoot the issues. He also mentioned some upcoming issues at the WWTP that he would be discussing with the operations committee.

He asked for approval to consolidate the sewer bills for the April Sound Church. There was a motion to approve the consolidation of those bills. The motion was seconded and adopted.

8. **Intergovernmental matters.** There was no action taken.

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

10. **Executive sessions(s).** After the operations report, the President indicated that an executive session would be starting. The attorney explained the mandatory procedures. There was a motion to admit Mr. Dougherty and Mr. Roznovsky to the executive session (with the Directors and the two NRF attorneys) because they would be necessary for full communications with the NRF attorneys. The motion was seconded and adopted. The President then announced the start of an executive session, as follows:

The Board of Directors of Montgomery County Utility District No. 191 is starting a closed or executive session on March 20, 2023, at 3:08 PM under Section 551.071 of the Texas Government Code. The subject matter (agenda) of this deliberation is as follows: Attorney consultations to seek advice about--

---pending or contemplated litigation or a settlement offer (regarding UD3-UD4 joint system matters, including water and sewer facilities and contracts, WWTP and other jointly-used facilities, payments, wholesale rates, amendments, negotiations, shared costs, legal advice, adjudication; etc.), and

---a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Chapter 551, Texas Government Code (regarding same subject matter)"

The Board then began an executive session. After the Board returned to open session, the President announced: "The Board of Directors has completed its closed or executive session on March 20, 2023, at 4:04 PM." Director Boulware moved to authorize the NRF attorneys to contact the Coats Rose

attorneys. Director Smith seconded, and all voted in favor. The President signed a certified agenda for the executive session. Later, Mr. Dougherty described some conceptual contract structures to increase stability, and there was a brief discussion.

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

There was a motion to adjourn at about 4:25 PM. The motion was seconded and adopted.

These minutes were approved by the Board of Directors on April 17, 2023.

SIGNED: Doris Heckman, 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 Coble, Secretary, Board of Directors

(SEAL)





DOC# 23-0433  
POSTED  
03/14/2023 02:26PM  
AIRM 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 March 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 facilities and contracts, WWTP and other jointly-used facilities, payments, wholesale rates, amendments, negotiations, shared costs, legal advice, 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 and contract 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: Joe C. Bullock

Secretary, Montgomery County Utility District No. 3.



Date: 3/14/2023