MINUTES OF MEETING OF THE BOARD OF DIRECTORS April 17, 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 **April 17**, **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 Katherine Vu and Ashwin Naidu 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 at the times and places as required by law, in the form shown in Exhibit A, attached. The Board considered draft minutes for the meetings of March 10 and March 28, 2023. 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. No representative of Montgomery County Utility District No. 4 ("UD4") was present. Later in the meeting, Ms. Boulware gave a brief update on discussions between the attorneys for the District and UD4.
- 4. Financial matters. Mr. Haskins presented two written bookkeeper reports, one for the General Fund and another for the Regional WWTP account. He explained the components of a large payment to Quiddity Engineering for WWTP design-phase services (shown in the P&L statement on line 6350). He said that the City of Conroe component (not shown) was \$12,475, and it was to be paid from funds received from the City as Capacity Reservation Fees. Later in the meeting, there was a motion to authorize the President to make arrangements for intervening in a tax suit filed by Milam County against Vernon Lang, et. al. The motion was seconded, and all voted in favor. 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 94.06 % of TY 2022 taxes had been collected.
- 6. Engineering matters. Ms. Vu presented the engineer's report. She said the sewer repair contractor had completed both lining and televising for the lines along SH 105. She mentioned the long-pending inquiry from Aqua Texas, Inc. about acquiring an easement across UD3 property. Apparently

Aqua had not yet submitted an offer. She mentioned the water tank recoating project, and there was a discussion about whether a change order would be needed to add recoating of the floor, also whether UD4 approval would be necessary if such a change order were to be issued. Ms. Vu indicated that she would investigate and bring it back to the Board.

7. Operations. Mr. Wright presented the operator's written report. He mentioned that the water level in the Jasper Aquifer was dropping and should be monitored. He described problems with two-inch water lines in the April Hills development that were installed, with meters, in common area. He mentioned that the District did not maintain sanitary sewer lines in that development and that a letter had been sent to the homeowner association to that effect.

Mr. Wright mentioned water quality issues and "pigging." There were questions and a discussion about sand separators (or particulate filters) at individual houses and the possibility of doing a "top to bottom" pigging operation on the District's water lines (which would involve water lines of UD4). Mr. Wright also reported that the MultiSmart system for the April Point South Lift Station had been installed.

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 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 4:08 PM. The motion	was seconded and	d adopted.
These minutes were approved by the Board of Directors on	5-15	, 2023
SIGNED: Daris Hickman, President, Bo	ard 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*.

, Secretary, Board of Directors

DOC# 23-0563 POSTED 04/11/2023 09:23AM GWENDALYNH 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 April 17, 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

- 1. Notices, Minutes, Directors, Officers. Notices: minutes of current and prior meetings; etc.
- 2. Public comment
- 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 (also payment by Aqua Texas, Inc.); transfers; depository matters (including agreements); sadit (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.
- & 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 Conroc Village, UD4, City of Conroc, GPW Two—Waterpoint, etc.); wholesale services, etc.; (ii) drainage, including improvements and projects; (iii) water system, including water production, transmission and distribution; wholesale acrvices; Cataboula-aquifer wells and cooling/acration; 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, negotiationa, abared costs, tegal 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) casements, rights of way, other facilities and other projects (including easement requested by Aqua Texus, 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, etc.
- 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 bearing on delinquencies; discuss and act on delinquencies, including service terminations.
- 8. Intergovernmental matters. Discuss, consider and act upon: (i) City of Cosnoe issues: strategic partnership agreements, ameration, services, WWTP, building and plumbing codes (and related plans, permits, inspections, etc.); (ii) SH 105-TxDOT plans, facilities, engineering, construction, etc.; (iii) legislation; and (iv) related matters.
 9. District policies, etc. Discoss, 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.

 26. Executive sessions(s) under Sections 551.071-551-084, Texas Government Code regarding subjects on this agenda.

-Action on items discussed in executive session.

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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 quartum is not present, directors present may form an ad hoc committee to discuss, consider and not upon the subjects histed. (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's Code (including, but not limited to, Sec. 551,071 for private consultation with the Board's scionary). (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 (threshing Place). After us hour 50 qualified electron are reading in the Denteix, as reviews required of at least five of chose electron, the Denteix 1 Board chalf death place can had enough of a least five of chose electron, the Denteix 1 Board chalf death enough of the Denteix. If we entable enough place exists tends the Denteix, the Board chalf death on the Denteix of the Denteix. On the follows of the Board, after mach a require in mach, to thougant the location of the morting place within the Denteix are not make them the househop of the Denteix, the control may profit to the follows the destroy of the Denteix of the Denteix of the mach of the Denteix of the D od ettry dissignate os somer enerinen, the Dattien's Board shall distignate i of ettry dissignate a mersing place vanade she Distrato then is increased not agante the increase of the maceting place within the Distrato et not fershe of Quality to dissignate a isosation. If it detuniones has the more power of it dissignate a marring place inside or outside the Distrato which is assessed.

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