

MINUTES OF MEETING OF THE BOARD OF DIRECTORS
June 19, 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 **June 19, 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, except Ms. Hickman, 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; James Dougherty, special counsel for the District; three residents of the District (Danielle Jacks, Michael D. Bryant, and Carrie Vigliotti), and Byron Barnhill, an attorney representing Ms. Vigliotti. Chris Roznovsky of WGA joined the meeting in progress.

The meeting was called to order, and the following business was transacted, in accordance with the notice attached as *Exhibit A*:

1. Notices, Minutes, Etc. There was a report 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 meeting of May 15, 2023. There was a motion to approve them, as revised. The motion was seconded, and all voted in favor.

2. Public comments. Ms. Jacks addressed the Board. She said she lived at 3 Waters Edge, and water had “poured over” a retaining wall from her neighbor’s property or from the street. She said water was spilling onto another neighbor’s property at 5 Waters Edge. She said she had bought the house in October, and her niece (and the niece’s fiancé) were her tenants. She said the area behind her property (on the golf course) was lower than her lot and “spongy.” Ms. Vu explained that the houses were built “zero lot line,” with maybe only five inches between them. She also said that the area immediately behind Ms. Jacks’ house appeared to be part of a common area. Ms. Jacks asked if the property had flooded during Hurricane Harvey. Ms. Vu said that April Sound fared better than other areas during Hurricane Harvey, also that the rate and location of rainfall was the most important factor. It appeared that the June 5 rainfall event may have been more intense, in places, than Hurricane Harvey.

Ms. Vigliotti said there was a clogged storm drain across the street from her house and she had called the MUD. She said someone came and “blew out” the drain with “2500 PSI.” She said Ms. Vu also came out and examined the site. Ms. Vigliotti said her house had flooded. She said mold was growing, and she was allergic to mold.

Ms. Vu explained that there was a significant elevation change from the golf course to the front door of 84 Summers Wind (maybe 10 feet) and a further elevation change from there to the creek in the back (maybe seven feet). She said the storm drain appeared to be designed to standards at the time it was built (1978), but standards had changed.

Mr. Wright said Steve Vaughn (from the golf club) had called to say a drain was clogged-up, and he (Mr. Wright) sent someone out there to blow it out, on the assumption that it was a District line. Ms. Vu said the line was not on the District's record drawings of the subdivision. Mr. Wright said it looked like it had been added later. Later in the meeting, during the operator report, he said the clogged drain he had tried to get cleared was actually a southern branch off the line across the golf course, which was apparently different from the drain identified by the residents (which was a northern branch off the line across the golf course).

Mr. Barnhill explained that he had been raised in Conroe, and, in response to a question, he said that his father was Mack Barnhill, a State Farm Insurance agent. He explained that he had been to the site and was trying to figure out the situation, including the grading of the lot across the street from Ms. Vigliotti's home. He said the uphill lot had a small drain installed behind the curb. He said they intended to be transparent with the District (or Hays) and let them know if they were going to include them in a claim.

There were questions and a general discussion. Later, there was a question about the property on Water's Edge. Ms. Vu showed photos taken at 3 Waters Edge, and she said it appeared that the owner had solved the problem with an onsite drain--and water had not entered the house or the garage. There was also a question about common area behind houses on Harbour Town Circle where high water had been reported.

3. Neighborhood update. No representative of Montgomery County Utility District No. 4 ("UD4") was present. There was a discussion of neighborhood matters during the public comments item. Later in the meeting, Ms. Boulware gave a brief update on the NRF attorneys' discussions with UD4 attorneys.

4. Financial matters. Mr. Haskins presented two written bookkeeper reports, one for the General Fund and another for the Regional WWTP account. He pointed out a payment from Aqua Texas, Inc., and there was a brief discussion. He reviewed the General Fund budget performance and said the District was "in the black" so far that year. He reviewed revenues and expenses for the WWTP account, including payments from UD4 and the City of Conroe. There was a question about an amount that had been overpaid to the City the prior year (and later returned). There was also a discussion about investment of the Capital Projects Fund (Series 2023 Bonds). Mr. Roznovsky explained that payments to Quiddity Engineering (for design-phase engineering at the WWTP) were expected to be about \$1 million. There was a consensus to keep \$400,000 in the CPF checking account and transfer the balance to TexPool. Ms. Robert made a motion to that effect, recognizing that the transfer would have to be executed by the Investment Officer. The motion was seconded and adopted.

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 96.53 % of TY 2022 taxes had been collected.

6. Engineering matters. Ms. Vu presented the engineer's report. She mentioned a pending pay application from Insituform Technologies, LLC and a proposed change order. There were questions and a discussion. She said the change order would be a 4.38% increase over the original contract amount. There was a discussion about the frequency of rainfall and the concentration in small areas. Ms. Vu mentioned that the correlation of rainfall with WWTP flows was not very close. There was a question about Aqua Texas, Inc.'s request for an easement across UD3 property (or perhaps the Pope property). The matter was reported to be still in the Aqua attorney's hands. Ms. Vu reported that the UD4 Board had not yet approved the change order for the CFG contract. After further discussion, there was a

motion to approve the Insituform pay application in the amount of \$339,872.85 and the proposed Change Order No. 1 in the amount of \$49,550.00. The motion was seconded and adopted.

7. Operations. Mr. Wright presented the operator's written report. He mentioned the level of flows through the WWTP and rainfall. He said Exhibit A of the operator agreement may need to be amended to reflect the actual cost of parts needed to make new connections (taps), and he would send around a draft.

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 5:00 PM. The motion was seconded and adopted.

These minutes were approved by the Board of Directors on July 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*.

[Signature], Secretary, Board of Directors



DOC# 23-0949
POSTED
06/13/2023 10:32AM
AIRN PREVITI
L. BRANDON STEINMANN, COUNTY CLERK
MONTGOMERY COUNTY, TEXAS

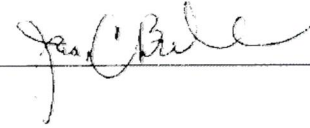
**NOTICE OF MEETING
OF THE BOARD OF DIRECTORS OF
MONTGOMERY COUNTY UTILITY DISTRICT NO. 3**

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 June 19, 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 rain events and high water, 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); 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, tax rates, penalties, collections and related 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.); (iv) 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.; (v) Lone Star Groundwater Conservation District and San Jacinto River Authority issues and rules, regulations, contracts, permits, credits, authorizations, transfers, transactions, plans, etc.; (vi) easements, rights of way, other facilities and other projects (including easement requested by Aqua Texas, Inc. on WWTP site); (vii) engineering services procurement, agreements, etc.; and (viii) related matters, including bids, contracts, 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 plans, facilities, engineering, construction, etc.; (iii) legislation; and (iv) related matters.
9. **District policies, etc.** Discuss, consider and act upon: District policies (e.g., investment, compensation, arbitration, 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.; tax suit, Milam County (Lang); 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: 6/13/2023

