

MINUTES OF SPECIAL MEETING  
MONTGOMERY COUNTY UTILITY DISTRICT NO. 2  
MONTGOMERY COUNTY, TEXAS

17 June 2022

THE STATE OF TEXAS           §  
COUNTY OF MONTGOMERY   §

The Board of Directors (the "Board") of Montgomery County Utility District No. 2 (the "District") of Montgomery County, Texas, met in special session, open to the public at 9:00 a.m. on the 17th day of June 2022, at Municipal Accounts & Consulting, LP, 611 Longmire Road, Suite 1, Conroe, Texas 77304, outside the boundaries of the District, and the roll was called of the duly constituted officers and members of the Board, to-wit:

Kevin Lacy	President
Charles Williams	Vice President
Pam Harton	Treasurer
Roy J. Smith	Secretary and Asst. Vice President
Jon Crenshaw	Asst. Secretary

and all of said persons were present with the exception of Director Smith, thus constituting a quorum.

Also present were Shammarie Leon of Bob Leared Interests, Inc. ("Leared"), the District's Tax Assessor/Collector; Mike Kurzy, P.E., of AEI Engineering, a Baxter & Woodman Company ("AEI"), the District's Engineer; Jennifer Rowe-Baker of Regional Water Corporation ("Regional"), the District's Operator; and Cole Konopka of Coats Rose, P.C. ("Coats Rose"), the District's Attorney. Attending by videoconference were Dick Yale and David Green of Coats Rose, P.C., the District's Attorney.

Director Lacy called the meeting to order.

### **Approval of Minutes**

First, the Board considered approval of the minutes of the meeting of 27 May 2022. After review, upon a motion duly made and seconded, the Board voted unanimously to approve the minutes 27 May 2022, as written.

### **Tax Assessor/Collector's Report**

Next, Ms. Leon reviewed with the Board the Tax Assessor/Collector's Report for the month of May 2022. She reported that the District's 2021 tax levy was 97.3% collected as of this date. Ms. Leon requested the Board's approval of three checks written on the District's tax account and two transfers by wire as follows: the transfer of \$5,860.46 in revenues from the tax account to the District's General Fund and the

transfer of \$10,000 to the District's Debt Service Fund. She pointed out that the District did not currently have any payment plans requested by customers of the District.

Ms. Leon briefly reported on matters regarding an owner of property in the District who had used a payment application incorrectly and had inadvertently sent her payment of 2021 property taxes due to the District to the U.S Internal Revenue Service (the "IRS"). She stated that the property owner would likely need six to ten weeks to receive her misdirected payment back from the IRS.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to: (1) accept the Tax Assessor/Collector's Report; and (2) authorize the disbursement of the sums from the District's tax account as listed in the Tax Assessor/Collector's Report. A copy of the Tax Assessor/Collector's Report is attached hereto as an exhibit to these minutes.

### **Bookkeeper's Report**

Then, Director Harton reviewed the Bookkeeper's Report prepared by Municipal Accounts & Consulting, L.P., the District's Bookkeeper. A copy of the Bookkeeper's Report is attached hereto. Director Harton noted the disbursements for payment at today's meeting as well as the fund balances for each of the accounts maintained by the District. She reviewed the District's Cash Flow Report, the Debt Service Payment Schedule, and a summary of Certificate of Deposit rates available to the District as included in the Bookkeeper's Report.

After review, upon a motion duly made and seconded, the Board voted unanimously to accept the Bookkeeper's Report and to authorize payment of the District's bills.

### **Engineer's Report**

Next, Mr. Kurzy presented the Engineer's Report, a copy of which is attached hereto as an exhibit to these minutes.

Strategic Plan for the District. The Board discussed certain items in the Strategic Plan. Mr. Kurzy stated that he had nothing new to report at this time regarding the Capital Improvement Plan or the SWOT Analysis. He then reported on the water flow testing taking place near the location of the reported high water pressure at 14458 Helm Court.

Storm Sewer Outfall No. 17 / 7299 Kingston Cove Lane. The Board discussed the status of the emergency repairs to Outfall No. 17 (the "Outfall Repairs") being performed by T. Gray Utility/AIMS, LLC (called "AIMS"). Mr. Kurzy reported that AIMS expects to complete the cured-in-place pipe lining (the "CIPP Lining") of the 24-inch storm sewer outfall by the end of the month. Once the CIPP Lining is complete, he

continued, URETEK ICR Gulf Coast will mobilize and inject polymer to fill the sinkholes that developed at Outfalls Nos. 17 and 35.

Storm Sewer Outfall No. 35 / 5334 Montego Cove Drive. Mr. Kurzy reported that the District's Engineer is obtaining proposals for the cleaning and televised inspection of the 36-inch storm sewer line for Outfall No. 35, including the construction of a coffer dam as needed. He stated that AEI requested that URETEK ICR Gulf Coast visit the site to determine whether it was feasible to inject polymer to fill the sinkhole at that location.

Inspection of Storm Sewer Outfalls. Mr. Kurzy reported that AEI was preparing a list of the storm sewer outfalls in the District, including location and easement information. He stated that the District's Engineer expects to schedule the on-site inspections in the following week.

Lift Stations / Ragging Issues. Mr. Kurzy reported that Concentric Integration, LLC ("Concentric") had completed the assembly of the panel components and is completing the wiring. Concentric plans to contact Regional next week to schedule a pre-installation site visit to plan out the installations, he told the Board. Mr. Kurzy remarked that the de-ragger components as designed do not keep track of lift pump reversals (the "Reversals"). However, he continued, the programmable logic controller can be hooked up to a panel that will indicate whether Reversals occurred during the previous seven days. Mr. Kurzy stated that these panels would cost an additional \$10,000. He added that if the District installs SCADA controls for all sanitary sewer lift stations, the SCADA could be programmed to keep track of Reversals for up to one year.

Wastewater Discharge Permit Renewal. Mr. Kurzy discussed the status of the application submitted to the Texas Commission on Environmental Quality (the "Commission") for renewal of the District's waste discharge permit (the "Permit"). He recalled that AEI received the draft Permit for review on 29 April 2022 and returned comments to the Commission on 9 May 2022. Mr. Kurzy stated that the Commission authorized the advertisement of the second public notice regarding the Permit. However, he continued, the documents provided by the Commission did not address AEI's comments. The District's Engineer confirmed with the Commission the documents to be published, he told the Board, and the Commission mailed an updated paper copy of the renewal Permit on 27 May 2022. Although the existing Permit expired on 1 June 2022, he told the Board, the existing Permit will continue to be valid pending issuance of the new Permit because the Application was submitted six months prior to the expiration of the Permit.

Sanitary Sewer Line Rehabilitation. Mr. Kurzy reported that AEI was continuing to re-evaluate the proposed rehabilitation of certain sanitary sewer lines (the "Sewer Repairs") that have been classified as Priority II (Immediate) and Priority III (Non-Immediate) in order to phase the proposed Sewer Repair projects over the next five to ten years. He stated that AEI was preparing the bid package for the proposed Sewer

Repairs that have been classified as Priority I (Emergency). Mr. Kurzy then reported that AEI was investigating certain segments of sanitary sewer lines that have been proposed for replacement. He stated that AEI is preparing a request for an abstract for the property located at 6676 Kingston Cove Lane to confirm the status of the 10-foot utility easement located between Lots 30 and 31 in Block 3 of Seven Coves Subdivision, Section 3, which was originally dedicated by plat.

Emergency Preparedness Plan ("EPP"). Mr. Kurzy stated that on 28 February 2022 the District's Engineer had submitted the EPP to the Commission.

Proposed Emergency Water Interconnection (the "Interconnection") with Far Hills Utility District. Mr. Kurzy stated that he had nothing new to report at this time with regard to the Interconnection.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to accept the Engineer's Report.

## **Operator's Report**

Next, Ms. Rowe-Baker presented the Operator's Report, a copy of which is attached hereto.

Water Plant Operations. Ms. Rowe-Baker reported that the billed-to-pumped water accountability ratio for May 2022 was 79.5% and that the 12-month water accountability average was 90.5%. She noted that 6,796,000 gallons of water were produced during the reporting period.

Wastewater Treatment Plant (the "Plant"). Ms. Rowe-Baker reported that the average daily flow at the Plant during May 2022 was 160,000 gallons per day, which is equal to 53% of the design capacity for the Plant.

Proposed Electronic Water Meters. The Board discussed the proposed replacement of the existing water meters on the service connections in the District (the "Meters") with ultrasonic "smart" water meters (the "Smart Meters"). Ms. Rowe-Baker estimated the cost to replace the Meters with Smart Meters at approximately \$398,400, based on a price quote from Accurate Meter & Supply ("Accurate Meter") for AMA Badger Smart Meters, plus the cost for hosting the Smart Meter application. She added that the estimated cost to replace only the Meters that have registered the usage of more than 800,000 gallons of water was approximately \$367,360. The Directors expressed their desire for the District's Operator to proceed with the purchase and installation of the Smart Meters on all service connections, with the installation to take place in stages to be worked out by Regional and Accurate Meter. The Directors expressed their preference for the Smart Meters to have brass fittings rather than plastic. Mr. Konopka stated that the District's Attorney would prepare a RESOLUTION DECLARING INTENT TO REIMBURSE PROJECT COSTS FROM BOND PROCEEDS

in connection with the Smart Meter project for consideration at a future meeting of the Board.

2021 Drinking Water Quality Report (the "DWQR"). Ms. Rowe-Baker reviewed with the Board the DWQR that is being transmitted to the District's customers. A copy of the DWQR is included with the Operator's Report.

Termination of Service. The Board reviewed the Delinquent Accounts List of customers of the District who were delinquent in submitting payments for water and sewer service. Ms. Rowe-Baker asked the Board's authorization for the termination of services to accounts that remained delinquent in the payment of invoices from the District for water and sanitary sewer services as of the cut-off date. She assured the Board that the customers on the list had been provided with all of the notifications required pursuant to the District's Consolidated Rate Order. The Board observed that there were no persons present to protest their billing from the District.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to (1) accept the Operator's Report; (2) authorize the District's Operator to proceed with the Smart Meter project as described above; and (3) terminate services to all of the accounts on the Delinquent List that remain unpaid on the due date.

### **Proposed Sale of Series 2023 Bonds / Facility Project Plan**

The Board discussed the possible sale of bonds by the District to fund certain capital improvement projects at the District's facilities. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the District's Engineer to prepare a Facility Project Plan in connection with the proposed sale of the Series 2023 Bonds.

### **Security Surveillance Cameras / Maintenance Service**

Consideration was then given to engaging CBR Technologies ("CBR") to maintain the 15 security surveillance cameras at the District's facilities (the "Maintenance Service"). Director Lacy reported that CBR had proposed to provide the Maintenance Service at a monthly cost of \$15 per camera for a term of 12 months. After discussion, upon a motion duly made and seconded, the Board voted unanimously to accept the proposal and to engage CBR to provide the Maintenance Service. Director Lacy stated that a Service Contract with CBR will be presented at the Board's meeting on 22 July 2022.

### **Proposed Internet Service**

Next, the Directors discussed the offer from Tachus Infrastructure, LLC ("Tachus") to provide the District with high-speed internet service at a monthly rate of \$75 for one gigabit symmetrical and one IP address (the "Internet Service"), with no price increases for as long as the District is a customer, as discussed at the Board's

meeting on 27 May 2022. Director Lacy reviewed with the Board the price quote for the Internet Service dated 17 June 2022 (the "Price Quote") as submitted by Tachus. After discussion, upon a motion duly made and seconded, the Board voted unanimously to accept the Price Quote and to authorize Director Lacy to execute same. A copy of the executed Price Quote is attached hereto and shall be considered to be part of these minutes.

### **Attorney's Report**

Mr. Konopka presented the Attorney's Report.

Proposed Director Lot. Mr. Konopka discussed with the Board the possibility of deeding a small parcel of property in the District to one of the Directors (the "Director Lot"). After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the District's Attorney and Engineer to take actions deemed necessary in connection with the Director Lot.

There being no further business to come before the Board, the meeting was adjourned.

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Secretary, Board of Directors

SEAL

Montgomery County Utility District No. 2  
Meeting of 17 June 2022  
Attachments

1. Security Patrol Report;
2. Tax Assessor/Collector's Report;
3. Bookkeeper's Report;
4. Engineer's Report;
5. Operator's Report; and
6. Accepted Price Quote for Internet Service.