

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

22 July 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 regular session, open to the public at 9:00 a.m. on the 22nd day of July 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 Directors Lacy and Williams, thus constituting a quorum.

Also present were Shammarie Leon of Bob Leared Interests, Inc., the District's Tax Assessor/Collector; Sherry Grant, P.E., of AEI Engineering, a Baxter & Woodman Company ("AEI"), the District's Engineer; Kevin Sibley of Regional Water Corporation, the District's Operator; and Cole Konopka of Coats Rose, P.C. ("Coats Rose"), the District's Attorney. Attending by videoconference was David Green of Coats Rose.

Director Smith called the meeting to order.

Approval of Minutes

First, the Board considered approval of the minutes of the meeting of 17 June 2022. After review, upon a motion duly made and seconded, the Board voted unanimously to approve the minutes 17 June 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 June 2022. She reported that the District's 2021 tax levy was 97.9% collected as of this date. Ms. Leon requested the Board's approval of seven checks written on the District's tax account, said checks including the transfer of \$1,377.84 in revenues from the tax for maintenance and operations to the District's Operating Fund.

She noted that four customers of the District had entered into payment plans for the payment of property taxes due to the District.

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

Strategic Plan for the District. Ms. Grant stated that she had nothing new to report at this time regarding the Capital Improvement Plan or the SWOT Analysis.

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"). Ms. Grant reported that AIMS had completed the cured-in-place pipe lining (the "CIPP Lining") of the 24-inch storm sewer outfall. She stated that AIMS had provided the District's Engineer with the inspection report from the post-rehabilitation video inspection of the Outfall Repairs, a copy of which is included with the Engineer's Report. Ms. Grant noted that AEI is reviewing the video to ensure the proper installation of the CIPP Lining. Once AEI has confirmed that the installation of the CIPP Lining is complete, she told the Board, 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. Ms. Grant reported that on 8 July 2022 the District's Engineer transmitted a letter to the Texas Commission on Environmental Quality (the "Commission") requesting authorization for the District to

undertake repairs to Outfall No. 35 (the "Outfall No. 35 Repairs") on the basis of negotiated bids pursuant to §49.274 of the Texas Water Code. By a letter dated 21 July 2022, she told the Board, the Commission concurred that the condition of Outfall No. 35 constitutes an emergency situation pursuant to §49.274 of the Texas Water Code and authorized the District to proceed with the Outfall No. 35 Repairs on the basis of a negotiated bid. Copies of the aforementioned letters are included with the Engineer's Report.

Ms. Grant then reported that Texas Pride Utilities, LLC had submitted a proposal in the amount of \$74,980 to perform the Outfall No. 35 Repairs, to consist of CIPP Lining of Outfall No. 35. A copy of the TPU Proposal is included with the Engineer's Report. She noted that the executed contracts for the Outfall No. 35 Repairs were submitted to the District's Engineer on 14 July 2022.

Inspection of Storm Sewer Outfalls. Ms. Grant reported that AEI was preparing a list of the storm sewer outfalls in the District, including location and easement information.

Lift Stations / Ragging Issues. Ms. Grant reported that Concentric Integration, LLC ("Concentric") plans to mobilize during the week of 8 August 2022 to schedule the installation and startup of the de-ragger components, in coordination with the District's Operator.

Wastewater Discharge Permit Renewal. Ms. Grant discussed the status of the application submitted to the Commission for renewal of the District's waste discharge permit (the "Permit"). She stated that the second public notice period was complete and AEI mailed the proof of publication to the Commission on 23 June 2022.

Sanitary Sewer Line Rehabilitation. Ms. Grant 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. She stated that AEI was preparing the bid package for the proposed Sewer Repairs that have been classified as Priority I (Emergency). Ms. Grant then reported that AEI was in the preliminary phase of investigating certain segments of sanitary sewer lines that have been proposed for replacement.

Emergency Preparedness Plan ("EPP"). Ms. Grant 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. Ms. Grant stated that she had nothing new to report at this time with regard to the Interconnection. The Board discussed matters relating to the Interconnection again later in the meeting during the presentation of the Attorney's Report.

Future Bond Issue Summary of Costs. Ms. Grant called the Board's attention to the draft Summary of Costs for capital improvement projects to be funded from the future sale of bonds by the District. A copy of the Summary of Costs is included with the Engineer's Report.

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

Operator's Report

Next, Mr. Sibley presented the Operator's Report, a copy of which is attached hereto.

Water Plant Operations. Mr. Sibley reported that the billed-to-pumped water accountability ratio for June 2022 was 86.5% and that the 12-month water accountability average was 89.6%. He noted that 10,866,000 gallons of water were produced during the reporting period.

Wastewater Treatment Plant (the "Plant"). Mr. Sibley reported that the average daily flow at the Plant during June 2022 was 133,000 gallons per day, which is equal to 44% of the design capacity for the Plant.

Customer Appeal. Mr. Sibley reported that the customer at 2116 Gunwale Court had requested an adjustment to their service account with the District in connection with unusually high water usage during the May 2022 billing period. He stated that the District's Operator investigated but could not determine the cause of the significant increase in water usage for that service account. After discussion, the Directors agreed that the amount to be billed to the customer for the May 2022 billing period should be adjusted to reflect the average monthly billing for that service account (the "Adjustment").

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. Mr. Sibley asked the Board's authorization for the termination of water service to accounts that remained delinquent in the payment of invoices from the District for water and sanitary sewer service as of the cut-off date. Mr. Sibley 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. Consideration was then given to deferring the termination of water service to the service accounts on the Delinquent Accounts List (the "Service Terminations") in view of the continuing drought conditions throughout Montgomery County.

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 grant the Adjustment as described above; and (3) defer the Service Terminations to a future meeting of the Board.

Formal Approval / Actions at 17 June 2022 Board of Directors meeting

The Directors then considered formal approval of certain actions at their meeting of 17 June 2022, at which they (1) engaged CBR Technologies to maintain the 15 security surveillance cameras at the District's facilities; (2) authorized the District's Attorney and Engineer to take actions in connection with deeding a small parcel of property in the District to one of the Directors; and (3) accepted a proposal from Tachus Infrastructure, LLC to provide the District with high-speed internet service. After discussion, upon a motion duly made and seconded, the Board voted unanimously to formally approve said actions.

Attorney's Report

Mr. Konopka presented the Attorney's Report.

Interconnection with Far Hills Utility District ("Far Hills UD"). The Directors returned to their earlier discussion regarding the Interconnection. Mr. Konopka reviewed with the Board an electronic mail message from Rich Cutler, a director of Far Hills UD, regarding the Interconnection. A copy of the electronic mail message is attached hereto as an exhibit. He noted that, according to Mr. Cutler, the Far Hills UD board of directors has authorized their attorney to prepare a draft agreement for the construction of the Interconnection including the pricing for the transfer of water through the Interconnection, and the operation and maintenance of the Interconnection. With regard to easements for the Interconnection, he continued, Mr. Cutler stated in the electronic mail message that the District and Far Hills UD would need to direct the engineers for both districts regarding the desired route for the main water line for the Interconnection: i.e., whether it will be constructed in an existing right-of-way along Cude Cemetery Road or F.M. 830, or in a new utility easement. Mr. Konopka then called the Board's attention to the Engineer's Preliminary Opinion of Project Costs for the Interconnection project as prepared by Langford Engineering, Inc., as attached to the electronic mail message from Mr. Cutler.

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

Secretary, Board of Directors

SEAL

Montgomery County Utility District No. 2
Meeting of 22 July 2022
Attachments

1. Tax Assessor/Collector's Report;
2. Bookkeeper's Report;
3. Engineer's Report;
4. Operator's Report; and
5. Email from Rich Cutler re Far Hills UD Interconnection.