

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

28 October 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 28th day of October 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 Director Lacy attending by videoconference, 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; Jennifer Rowe-Baker and Kevin Sibley of Regional Water Corporation ("Regional"), the District's Operator; Charles LaConti of Municipal Accounts and Consulting, L.P. ("MAC"), the District's Bookkeeper; 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.

Director Lacy called the meeting to order.

### **Operator's Report**

First, 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 September 2022 (the "Accountability Ratio") was 75.8% and that the 12-month water accountability average was 89.0%. She noted that 9,477,000 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 September 2022 was 164,000 gallons per day, which is equal to 55% of the design capacity for the Plant.

Contractor Backcharges. Ms. Rowe-Baker remarked that the Accountability Ratio was affected in part by damage caused to the District's water distribution system by two subcontractors for Frontier Communications: American Utility Company ("AUC") and JV Underground Cable, LLC ("JVUC"). She called the Board's attention to the Backcharge Invoices that were transmitted by Regional to AUC and JVUC, copies of which are included with the Operator's Report. The Directors expressed their desire for the District's Operator to follow up with Fronter Communications regarding the damage being caused to the District's water distribution system by AUC and JVUC.

Electronic Water Meters. The Board discussed the status of the replacement of the existing water meters on the service connections in the District with ultrasonic "smart" water meters (the "Smart Meters") as authorized at the Board's meeting on 17 June 2022. Ms. Rowe-Baker reported that the Smart Meters had been ordered and were scheduled for delivery in late December 2022 or early January 2023.

Customer Appeals. Ms. Rowe-Baker reviewed with the Board the requests received from two District customers for adjustments to their service accounts as detailed in the Operator's Report attached hereto. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the adjustments to the service accounts.

Survey of Fire Hydrants in the District (the "Hydrant Survey"). Ms. Rowe-Baker reported that the semiannual Hydrant Survey was scheduled for 16 and 17 November 2022.

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 (the "Invoices") as of the cut-off date. Ms. Rowe-Baker 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. The Directors then agreed that termination of water service for non-payment of the Invoices should be delayed by one week in view of the Thanksgiving holiday on 24 November 2022.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to (1) accept the Operator's Report; and (2) terminate services to all of the accounts on the Delinquent List that remain unpaid on the due date, with said termination to be delayed by one week.

Director Williams arrived at the meeting at this time.

### **Approval of Minutes**

Next, the Board considered approval of the minutes of the meeting of 23 September 2022. After review, upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of 23 September 2022, as written.

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

Then Ms. Leon reviewed with the Board the Tax Assessor/Collector's Report for the month of September 2022. She reported that the District's 2021 tax levy was 98.5% collected as of 30 September 2022. Ms. Leon requested the Board's approval of three checks written on the District's tax account, said checks including the transfer of \$1,433.35 in revenues from the tax account to the District's General Fund. She pointed out that the District did not currently have any payment plans for delinquent taxes requested by customers of 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**

Next, Mr. LaConti presented an overview to the Board regarding the new format and content of the Bookkeeper's Report as prepared by MAC. A discussion ensued regarding the District's investments. The Board directed Mr. LaConti to invite a representative of the Texas Class Local Government Investment Pool to attend a future meeting of the Board.

Then Director Harton reviewed the Bookkeeper's Report, a copy of which 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 SWOT Analysis. She then presented the Board with a draft of the updated Strategic Plan as prepared by AEI, a copy of which is attached hereto.

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 stated that, to date, AIMS has not provided AEI with the requested records for the soil compaction tests for the area that was excavated and backfilled. She stated that AIMS intends to install a cured-in-place pipe ("CIPP") patch in a section of the corrugated steel pipe. A discussion ensued regarding Outfall Repairs. Director Lacy expressed his view that the Outfall Repairs by AIMS were performed in a substandard manner. Ms. Grant remarked that the Board could consider engaging another contractor to complete the Outfall Repairs if AIMS does not respond in a timely manner to AEI's request for the records on the soil compaction tests and the detailed information regarding the changes to the Outfall Repairs.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the District's Engineer to draft a letter to AIMS requesting the submission to AEI of the requested records as described above and the resolution of the deficiencies in the Outfall Repairs within 10 days.

Storm Sewer Outfall No. 35 / 5334 Montego Cove Drive. The Board discussed the status of the emergency repairs to Outfall No. 35 (the "Outfall No. 35 Repairs") being performed by Texas Pride Utilities, LLC (called "TPU"). Ms. Grant reported that TPU had completed the CIPP lining for Outfall No. 35. The final inspection was held on 6 October 2022, she continued, and any deficiencies were addressed by the contractor. Ms. Grant then reported that TPU had submitted Pay Estimate No. 1 and FINAL in the amount of \$74,980 in connection with the Outfall No. 35 Repairs. A copy of Pay Estimate No. 1 and FINAL is included with the Engineer's Report. Then Ms. Grant submitted for the Board's review and approval the Certificate of Completion and the Certificate of Acceptance for the Outfall No. 35 Repairs. Ms. Grant pointed out to the Board that the one-year warranty period commenced on 7 October 2022 and would conclude on 7 October 2023.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to (1) authorize payment of Pay Estimate No. 1 and FINAL; (2) approve the Certificate of Completion; and (3) accept the Outfall No. 35 Repairs and authorize execution of the Certificate of Acceptance for same. A copy of the Certificate of Completion is attached hereto as an exhibit to these minutes.

Inspection of Storm Sewer Outfalls. Ms. Grant presented the Board with copies of the Storm Sewer Outfall System Evaluation (the "Evaluation") as prepared by AEI. A copy of the Evaluation is on file in the permanent records of the District. Ms. Grant reviewed with the Board the memorandum dated 27 October 2022 from the District's Engineer that summarizes the findings of the Evaluation. A copy of the memorandum is attached hereto as an exhibit to these minutes. Mr. Grant commented that most of the storm sewer outfalls (the "Outfalls") were determined to be in good or fair condition. Three outfalls, she continued, were found to be in poor condition. She then noted that there were several locations in which improvements on private property were encroaching on the easements for the Outfalls. After discussion, the Board directed the District's Attorney to transmit notices to the owners of property in the District in which improvements are encroaching on the storm sewer easements for the Outfalls.

Lift Stations / Ragging Issues. Ms. Grant reported that Concentric Integration, LLC ("Concentric") has installed the conduit and wire to connect to the existing panels at each site. She explained that Concentric will rewire the control panels to use the new lift station controls. Ms. Grant added that Concentric will complete the project at each of the lift stations in turn as coordinated with the District's Operator.

Sanitary Sewer Line Rehabilitation. Ms. Grant reported that AEI is preparing a project plan and schedule for the proposed rehabilitation of certain sanitary sewer lines that will be incorporated into the District's Capital Improvement Plan. She stated that the District's Engineer is preparing the bid package for the rehabilitation of the sanitary sewer line segments that are classified as Priority 1 (Emergency) and is in the preliminary phase of the project for the replacement of sanitary sewer line segments that are classified as Priority 1.

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 ("Far Hills UD"). Ms. Grant stated that she had nothing new to report at this time regarding the Interconnection.

Water Plant / Inspection of Ground Storage Tanks. Ms. Grant reported that the annual inspection of the ground storage tanks at the District's Water Plant were scheduled for the morning of 8 November 2022.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to (1) accept the Engineer's Report.

## **Review of Rates for Water Service and Sanitary Sewer Service**

The Board then conducted a review of the rates charged to the District's customers for water service and sanitary sewer service (the "Service Rates") as

established in the District's Consolidated Rate Order dated 22 January 2021. After discussion, the Directors agreed that there was no need to amend the Rate Order at this time with respect to the Service Rates.

### **Attorney's Report**

Mr. Konopka presented the Attorney's Report.

Proposed Interconnection with Far Hills UD. Mr. Konopka informed the Board that representatives of Far Hills UD would attend the Board's meeting on 18 November 2022 to discuss the proposed Interconnection and the draft Emergency Water Supply Agreement between the District and Far Hills UD.

Continuing Disclosure. Mr. Konopka reported that the District's Annual Financial Report and Selected Financial Information for the fiscal year ended 30 April 2022 had been filed through the Electronic Municipal Market Access ("EMMA") website in fulfillment of continuing disclosure requirements under Securities and Exchange Commission Rule 15(c)2-12. A copy of the documentation of filing through EMMA is attached to and shall be considered to be part of these minutes.

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 28 October 2022  
Attachments

1. Operator's Report;
2. Tax Assessor/Collector's Report;
3. Bookkeeper's Report;
4. Engineer's Report;
5. Draft Strategic Plan;
6. Pay Estimate No.1 and Final / Outfall No. 35 Repairs;
7. Certificate of Completion / Outfall No. 35 Repairs;
8. AEI Memorandum / Storm Sewer Outfall Evaluation;
9. Documentation of Filing / Continuing Disclosure.