

MINUTES OF MEETING OF THE BOARD OF DIRECTORS
May 20, 2024

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 **May 20, 2024**, 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 Carolyn H. Smith, thus constituting a quorum. Also present were Chris Roznovsky and Luke Broseman of Ward, Getz & Associates, PLLC (“WGA”); Philip Wright of Hays Utility North Corporation; Tiffany Carden of L&S District Services, LLC; and James Dougherty, special counsel.

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

1. Notices, Minutes, Election Matters, Etc. The Secretary reported that the notice of the meeting shown in *Exhibit A*, attached, had been posted at the times and places as required by law. The Board considered draft minutes for the meeting of April 15, 2024, as revised. There was a motion to approve them, as revised. The motion was seconded, and all voted in favor.

The President presented a Certificate of Election to Janis Cooke Boulware, who signed her “Statement of Officer” and “Official Bond,” both of which were immediately filed. At that point, Patricia Harris administered the constitutional oath of office to Ms. Boulware, which Ms. Boulware signed in written form and had it notarized. Director Tibbetts then made a motion to (i) approve the certificate, written statement, bond, and oath and (ii) find and determine that Janis Cooke Boulware had duly qualified to serve as Director of the District.

The attorney reported that, because there was only one candidate in the election, but two positions were to be filled, there would be a vacancy (in the position held by Carolyn Smith). He added that the Texas Constitution provides, generally, that the holder of a position that becomes vacant could continue to serve until the holder’s successor is appointed and qualifies. The President said that she would check with Ms. Smith about continuing in that position (and as Investment Officer and Treasurer).

Director Tibbetts made a motion to elect and re-elect the current officers of the Board to their current positions (except Ms. Smith), which were:

Doris Hickman, President
Richard Tibbetts, Vice President
Janis Boulware, Secretary and Assistant Treasurer
Judy Robert, Assistant Secretary.

The motion was seconded, and all voted in favor.

2. Public comments. Carrie Vigliotti reported that her house had flooded the previous week, and it caused \$60,000 in damage (in addition to the \$110,000 in damage caused by a previous event). There were questions and a general discussion about the factual background—including the source of the water, the surrounding topography, the construction of the house at 84 Summers Wind, the prior owner, etc.--and existing District policy. Ms. Vigliotti said she was not making a claim for money against the District. There was no vote or decision.

Patrick O’Shaughnessy reported that water was standing in the gutter in front of his house, apparently caused by the construction of a new concrete street section by the ASPOA. He showed a photo and said that a POA representative had referred him to the District. There were questions and a general discussion about the factual situation (including the construction of the street section, the location of storm drain inlets, etc.) and existing

District policy. The President explained that the District did not do street work unless it was made necessary by a District facility. There was no vote or decision.

3. Neighborhood update. No representative of Montgomery County Utility District No. 4 (“UD4”) was present. There was discussion of ASPOA-related matters during the public comments (see above). Later during the meeting, there was an inquiry about ASPOA assessments. Mr. Tibbetts reported what had happened at the ASPOA’s meeting. There Board took no action.

4. Financial matters. Ms. Carden presented the bookkeeper’s written report. There was a discussion about two checks for payments to the City of Conroe to “true up” the Capacity Reservation Fee payments for 2022 and 2023, also about two “short” payments from the City for the SPA payments based on \$0.05 per \$100 of taxable value. The attorney reported information from the auditors about the two “short payments.” After the discussion, there was a consensus to make the two “true up” payments to the City, for which checks had been prepared and presented.

There was a motion to approve and authorize the checks presented with the bookkeeper’s report. The motion was seconded and adopted.

5. Taxes, etc. The tax assessor-collector report (mentioned by Ms. Carden) indicated that 95.63% of FY 2023 taxes had been paid as of the previous month’s end.

6. Engineering matters. Mr. Roznovsky presented the engineer’s report. He gave updates on pending projects and customer matters. There were inquiries about properties and topography upstream and downstream of 84 Summers Wind (the property discussed during public comments), and Mr. Roznovsky described the topography in those areas.

Mr. Roznovsky gave an update on the discussion at the Operations Committee about the WWTP Improvements. He said that the committee had heard that there was an estimated engineering cost of \$150,000 to \$200,000 to revise plans to include just the work on the lift station. After discussion, there was a motion to authorize WGA to work with the Bleyl Engineering firm on a proposal to handle design and construction phases of the work on the lift station. The motion was seconded, and all voted in favor.

7. Operations. Mr. Wright presented the operator’s written report. He reviewed pumpages and split-cost calculations. He described a problem with the bleach-feed system at the water plant, including the water softener. He said the District was spending \$5,000 to \$8,000 per year on the system (which operated on the Venturi Effect). He said there was a new type of system that used a “peristaltic metering pump” with a cost of about \$20,000, but the annual maintenance cost would be much less than with the existing system. There was a motion to approve acquisition of the new system, subject to approval by UD4.

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.

There was a motion to request the operator to refer the PFAS test results to NRF with a request that NRF submit claim(s) on behalf of the District in the class action lawsuits (3M and DuPont), if appropriate. The motion was seconded and adopted.

8. Intergovernmental matters. There was a question about polling places for the City of Conroe’s election. There was a motion that the District should not get involved. The motion was seconded and adopted.

9. District policies, etc. The Secretary asked about decisions that were being made by Mr. Bailey about the origin of trash left at the curb for pick up. The Vice President said that the existing policy was based on a stated

volume of waste. The President asked Mr. Wright to raise the question with UD4, because that the written policies of the two Districts were the same.

10. *Executive sessions(s)*. There was no executive session.

11. *Other*. There was no action taken.

There was a motion to adjourn at approximately 5:15 PM. The motion was seconded and adopted.

These minutes were approved by the Board of Directors on June 17, 2024.

SIGNED: Davis Hickman, 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*.

Joe Buel, Secretary, Board of Directors (SEAL)



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

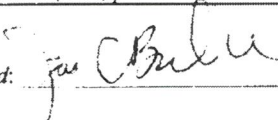
In accordance with chapter 551, Texas Government Code and Section 49.063, Texas Water Code, both as amended, take notice that the Board of Directors (Board) of Montgomery County Utility District No. 3 (District) will meet in **regular session**, open to the public, at 2:00 PM on May 20, 2024 at the offices of Hays Utility North Corporation (the District's utility operator) at 375 Lake Meadows Dr., Montgomery, Texas 77356, in Montgomery County, Texas. The subjects of the meeting are as follows:

1. **Notices, Minutes, Election Matters.** Notices; minutes of current and prior meetings; election matters, including certificates of election, oaths, bonds, qualification, etc. for successful candidates for the position of Director and election of officers by the Board.
2. **Public comments.**
3. **Neighborhood matters,** including: rain events, high water, and drainage projects; Montgomery County Utility District No. 4 (UD4); projects, facilities, easements, consolidation, services, etc. (including WWTP, water, sewer, solid waste); April Sound POA, 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 arbitrage policies; Series 2023 Unlimited Tax Bonds proceeds, 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 wastewater treatment plant (WWTP), 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 golf course, 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; maintenance; drainage; other projects; claims; easements, encroachments; water audits/conservation; drought; utility services, golf course, policies, rates; charges (including increases); rate order; consumer confidence report; PFAS class action litigation; 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: WWTP, strategic partnership agreements, breach, annexation, services, building/plumbing codes (also plans, permits, inspections, etc.); (ii) SH 105-TxDOT plans, facilities, engineering, construction, etc.; (iii) legislation; (iv) remedies, mediation, litigation, attorneys, etc.; and (v) related matters.
9. **District policies, etc.** Discuss, consider and act upon: District policies (e.g., investment, compensation--including director fees of office or "per diem" rate, arbitrage, consultants, solid waste, meeting places, offices, records, etc.); insurance; investments; mandatory trainings; cyber-security; meetings; public records; solid waste (including Bailey Bros. contract, amendment, rates, insurance, claims, damages, etc.); sale of District property; appointment of Director to fill vacancy; etc.
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.

AVISO: Tome nota de que la Junta Directiva del Distrito de Servicios Públicos No. 3 del condado de Montgomery, celebrará una reunión el 20 de mayo de 2024 a las 2:00 PM en 375 Lake Meadows Drive, Montgomery, Texas 77356 en el condado de Montgomery, Texas, con las siguientes asignaturas, entre otras: asuntos de carácter legal, incluidos certificados de elección, juramentos, bonos, habilitación, etc., para los candidatos triunfantes para la posición de Director, y elección de funcionarios por parte de la Junta.

Signed:  Secretary, Montgomery County Utility District No. 3.

Date: 5/16/2024

