

MINUTES OF MEETING OF THE BOARD OF DIRECTORS
December 16, 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 **rescheduled regular session**, open to the public at **10:00 AM** on **December 16, 2024**, at the **Pappadeaux Seafood Kitchen restaurant, 18165 Interstate 45 South, Conroe, Texas 77385** 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 (term expired)
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, Katherine Vu 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, 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 November 18, 2024, meeting, as revised. There was a motion to approve them. The motion was seconded, and all voted in favor.

2. Public comments. There were no public comments.

3. Neighborhood update. No representative of Montgomery County Utility District No. 4 (“UD4”) was present.

4. Financial matters. Ms. Carden presented the bookkeeper's written report and reviewed it with the Board. She said she had heard that checks had been stolen from the Tomball post office, so she had started to route checks through a different post office. She noted that the District's accounts were protected by the "positive pay" feature. Mr. Tibbetts asked about transferring part of the funds in the WWTP Account (at Central Bank) to TexPool, where the interest rate was better than at the bank. There was a motion to authorize Ms. Carden to make such transfers to TexPool (and back to Central Bank, as funds are needed to pay bills). The motion was seconded and adopted.

Ms. Carden presented and reviewed a proposed budget for 2025, and there was a discussion about several line items. The Board asked that the proposed budget be amended to: (i) delete revenue Account 4150 (for RWA Collections); (ii) hold revenue Account 4402 at the 2024 level (\$140,000), (iii) delete line items for Accounts 5410 and 5413 (and request the engineers to include such capital items in a capital projects appendix, to be brought back to the Board for adoption at the next meeting), (iv) add an expenditure line item as Account 6235.01 for "Lift Station Rehab" in the amount of \$300,000, (v) keep Account 6329 but show the amount at zero, and (vi) include a line item for a transfer in from General Fund reserve, if needed to balance revenues and expenses. There was a motion to adopt the budget for 2025 as amended. The motion was seconded and adopted.

There was also a motion to accept the bookkeeper's report and approve the checks prepared for payment. The motion was seconded and adopted.

5. Taxes, etc. The tax assessor-collector report (included in the bookkeeper's report) indicated that 6.19% of FY 2024 taxes had been collected as of the end of the preceding month.

6. Engineering matters. Ms. Vu presented the engineer's report and reviewed ongoing projects. The Board informally approved a draft letter to advise property owners about the presence of storm sewers on certain property in April Sound, Section 1 and to advise that the District would be responsible for maintenance, repair, etc. (although no work was currently planned).

Ms. Vu gave updates on: (i) the pending conveyance of a small easement for a sanitary sewer on golf course property (including a request for the lienholder's consent); (ii) a request for consent to encroachments into easement areas at 125 April Wind Drive North (previously approved); and (iii) proposed fences for the Admin and Dawns Edge lift stations.

After discussion, including a request for additional information about the lienholder consent, there was a motion to accept the engineer's report. The motion was seconded and adopted.

7. Operations. Mr. Wright presented the operator's written report and reviewed it with the Board. He said the biggest expenditures were for purchasing alum and doing pump work at the WWTP. Ms. Vu gave an update on deliveries of sewage by Aqua Texas, Inc. There was a motion to postpone consideration of disconnections (for delinquencies) until the January meeting and to accept the operator's report. The motion was seconded and adopted.

8. Intergovernmental matters. There was no action taken.

9. District policies, etc. After the operator's report, guests arrived for a luncheon, during which there was informal discussion about District policies and other items on the agenda. No action was taken.

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

11. Other. There was no action taken.

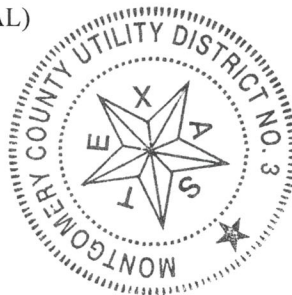
The meeting adjourned at approximately 2:10 PM.

These minutes were approved by the Board of Directors on January 20, 2025.

SIGNED: Doris 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*.

Jane Charles, Secretary, Board of Directors (SEAL)



DOC# 24-2361

POSTED

2/11/2024 12:11PM

Rosio Munoz

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 **rescheduled regular session**, open to the public at 10:00 AM on **December 16, 2024** at the **Pappadeaux Seafood Kitchen restaurant, 18165 Interstate 45 South, Conroe, Texas 77385** in Montgomery County, Texas. The subjects of the meeting are as follows:

1. Notices, Minutes. Notices; minutes of current and prior meetings; related matters.

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, lift station, site, permits, easements, etc.; collection system and flow reduction; operations committee issues; engineering; other professional services; construction and rehabilitation projects; capacity and permit increases; repairs; shared costs; agreements (including agreements with Aqua Texas, Inc., UD4, City of Conroe, etc.); enforcement; temporary and wholesale services; fees and contract payments; 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; (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 waterline and sewer rehabilitation); (vii) engineering services 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; 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 matters (WWTP, strategic partnership agreements, payments, breach, remedies, etc., also annexation, services, building/plumbing codes, plans, permits, inspections, polling places, 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--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; elections; 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.

Signed: Jane C. Bunker, Secretary, Montgomery County Utility District No. 3

Date: 12/11/2024

