

MINUTES OF MEETING OF THE BOARD OF DIRECTORS

January 20, 2025

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 on **January 20, 2025**, 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 Tibbets, 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 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 meeting held December 20, 2024, 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 also presented a revised draft budget and reviewed it with the Board. Mr. Dougherty presented a draft appendix showing capital projects, which, he said, had been derived from the engineer’s report of available funds. There were questions about the current amounts for the Transmission Waterline Replacement project and the lift station conversion projects. After discussion, there was a motion to: (i) adopt the revised draft budget (relabeling “Use of Surplus Funds” as “Use of General Fund Reserve” and moving it to a separate category to be called “Other Sources and Uses”), (ii) request that the appendix be conformed to show the amounts of the Capital Projects expected to be spent in 2025 and the available sources of funds, and then brought back to the Board in February; and (iii) accept the bookkeeper’s report and approve the checks that had been 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 54.65% 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. She reported that Aqua Texas, Inc. had reached agreement with a landowner for an easement needed to construct a force main to connect the Aqua collection system to its treatment plant. There were questions and a discussion about the relocation of a short sewer section on the edge of the golf course. Ms. Vu reported that the attorneys for the golf course owner had requested that the District defray their legal fees but had not provided an amount.

Ms. Vu reviewed a request for a “no objection” statement from a pool contractor for construction of a pool (with a spa, deck, and sidewalk) on Lot 36, Block Seven of April Sound, Section 1 and in the easement areas

behind that lot (all having an address at 203 Dawns Edge). Ms. Vu explained that the District had no existing or proposed use of the easement areas in question. After discussion, there was a motion to authorize a “no objection” letter (or similar statement in an instrument prepared in recordable form) referring to the proposed encroachments into the utility easement that was established, by plat, along the rear line of Lot 36. The motion was seconded and adopted.

There were questions and discussions about the lift station rehabilitation projects. Ms. Vu said she expected to receive a forensic report on the existing structures soon.

7. Operations. Mr. Wright presented the operator’s written report and reviewed it with the Board. He said a contractor for the Comcast cable company was proposing to install fiber optic cables in the neighborhood, and there was a discussion about ways to avoid damage to the District’s facilities. Mr. Wright discussed preparations for severe winter weather expected during the following days. He discussed data showing inflow and infiltration into the collection system. He recommended doing additional televising and investigations, first, on the west side of the District. He said he would have a report done shortly.

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.

8. Intergovernmental matters. There was no action taken.

9. District policies, etc. 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 3:45 PM.

These minutes were approved by the Board of Directors on February 17, 2025.

SIGNED: John C. Belue, 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.

John C. Belue, 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 **January 20, 2025** 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:

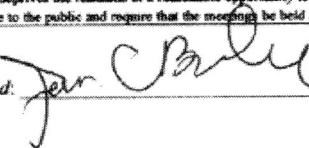
1. **Notices, Minutes.** Notices; minutes of current and prior meetings; related matters.
2. **Public comments.**
3. **Neighborhood matters**, including: rain events, high water, and drainage projects; Montgomery County Utility District No. 4 (UD4); projects, facilities, easements, consolidation, services, 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, ownership, title, payments, wholesale rates, amendments, negotiations, measuring equipment, 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, arbitration, 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:



, Secretary, Montgomery County Utility District No. 3

Date: *January 16, 2025*

