

MINUTES OF MEETING OF THE BOARD OF DIRECTORS

February 17, 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 **regular session**, open to the public on **February 17, 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 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 Doris Hickman and 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 January 20, 2025. 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. The Secretary asked for an update on the ASPOA’s complaints about the waterline contractor’s work near April Sound Boulevard and Reserve “F.” Ms. Vu gave an update, and the attorney reported on a letter received from the ASPOA’s attorney (including photos attached to the letter). There was a general discussion. Ms. Vu said she would call the ASPOA’s General Manager, and there was a motion to authorize a letter to the contractor. The Board also asked the engineers to send a written notice to the contractor under Section 11.2 of the General Conditions and to contact the owners of two condos (1417A and 1417B of April Villas) to find out if they were affected by a nearby waterline break.

4. Financial matters. Ms. Carden presented the bookkeeper’s written report and reviewed it with the Board. She mentioned payment received from the City of Conroe and an apparent absence of payments from Aqua Texas, Inc. for December and January (which may have been caused by the normal lag in recording payments). The attorney presented a revised appendix for the budget to show capital projects. After discussion of the budget (including a discussion of the appendix and provisions for debt service), there was a motion to: (i) adopt the revised appendix and (ii) request that the attorney check on the provisions for debt service and bring an additional appendix to the March meeting to cover debt service. The motion was seconded and adopted. Later, the attorney mentioned restrictions on the use of bond proceeds and “surplus funds,” including restrictions on purposes of use, filing requirements with TCEQ, and post-project reporting. The Board expressed an interest in using all the remaining proceeds of the Series 2014 Bonds for the waterline replacement project and all of the surplus funds (interest earnings) in that same account for the WWTP improvements.

There was a motion to 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 81.80% of FY 2024 taxes had been collected as of the end of the preceding month. Later in the meeting there was a

motion to adopt an “ORDER APPROVING REVISED AMENDMENT TO AMENDED AND RESTATED DISTRICT INFORMATION FORM.” The motion was seconded and adopted, and Board members signed the included information form, which was notarized.

6. Engineering matters. Ms. Vu presented the engineer’s report and reviewed the projects and items listed. She reported that a previously-authorized letter to a pool contractor (about encroachments into easement area at 203 Dawns Edge) had been sent, but there was no reply yet. She also mentioned the annual inspection of the water plant. There were questions about water quality (including sand), and a general discussion ensued. Ms. Vu described how a comprehensive “pigging” plan could be designed, and she mentioned that the work would probably have to be submitted for bids. Mr. Wright said he would prepare a plan for “pigging” just UD3 lines and bring it to the Board. There was a motion to accept the engineer’s report and authorize the annual inspection of the water plant. The motion was seconded and adopted.

7. Operations. Mr. Wright presented the operator’s written report and reviewed it with the Board. He gave an update on the fire hydrant maintenance project, including recommended repairs. He said some of the related valves could not be found, and he recommended that a valve survey be done. He and Ms. Vu described how the survey should be done and how the results could be shown on the GIS maps. After discussion, there was a motion to authorize the recommended repairs (excluding vegetation trimming and repairs to isolation valves, but including the addition of street reflectors) at a cost not to exceed \$13,171. The motion was seconded and adopted.

The Vice President asked about trees on District property (near April Wind Drive N) that could be damaged or dead. There was a motion to authorize the operator to have one pruned and the other removed. The motion was made, seconded, and adopted.

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 5:10 PM.

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

SIGNED: Jaris Nickmin, 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 Chalne, Secretary, Board of Directors (SEAL)



Exhibit A

DOC# 25-0282

POSTED

02/13/2025 08:11AM

Rosie Munoz

L. BRANDON STEINMANN, COUNTY CLERK
MONTGOMERY COUNTY, TEXAS

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

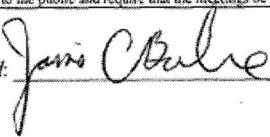
In accordance with chapter 551, Texas Government Code and Section 49.063, Texas Water Code, both as amended, take notice that the Board of Directors (Board) of Montgomery County Utility District No. 3 (District) will meet in **regular session**, open to the public, at **2:00 PM on February 17, 2025** 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; 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, 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 30 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: 