

MINUTES OF MEETING OF THE BOARD OF DIRECTORS
September 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 **regular** session, open to the public, on **September 16, 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 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 Chris Roznovsky 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. Ms. Mary Bailey, with Bailey Brothers Garbage Service, joined the meeting for a few minutes (after 5:00 PM).

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 August 19, 2024 meeting, as revised. There was a motion to approve them, as revised. 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. She reviewed checks she had prepared to pay bills. She mentioned that Aqua Texas, Inc. had paid its bills through June.

Ms. Carden reported on the WWTP Operations Committee meeting (held that morning) and reviewed changes to the proposed budget of WWTP Expenses that the Committee had discussed and approved. Ms. Hickman added that the Committee had approved the budget, on the motion of Mr. Tibbets, by a vote of 4-0, and no representative of the City attended. Mr. Tibbets gave further details on the Committee meeting and previous discussions with the City of Conroe about releasing or postponing the use of the City’s capacity in the plant. After an extended discussion, there was a motion to approve the budget as approved by the Operations Committee. The motion was seconded and adopted. There was also a discussion of the unusual circumstances that had been encountered earlier in 2024, including the amount of the City’s Capacity Reservation Fee (CRF) paid for 2024 and the “true up” payment to be calculated as of April 1, 2025. After discussion, there was a motion to authorize a letter to the City from UD3 and U4 (subject to approval by the UD4 Board) that would offer to change: (i) the timing of the CRF payment for 2025 coming due October 30, 2024 and (ii) the amount of the “true up” payment for 2024 (to be calculated as of April 1, 2025). In effect, the letter would offer to offset the two payments and postpone payment of the difference between them until after April 1, 2025. The motion was seconded and adopted.

The Board discussed the Bailey Brothers garbage service and the problems with the latest insurance certificate. After discussion, there was a motion to: (i) pay the September statement, initially at the rate of \$19 per unit, and authorize a check in the amount of \$23,161 for that purpose; and (ii) and authorize a second check for the \$2.00/unit differential between the \$19 rate and the new \$21 rate (totaling \$2,438), to be released when the

insurance required by the new contracts is provided and the two new contracts are fully signed. The motion was seconded and adopted. There was also a motion to authorize a change to the Bailey Brothers contract to allow the required auto insurance to be provided either by the Collector or the owner of the vehicle in question. The motion was seconded and adopted. Later in the meeting, Mary Bailey arrived to discuss the split payment and insurance for two pickups and two trailers apparently owned by Mr. Tommie Bailey.

5. Taxes, etc. The tax assessor-collector report indicated that 98.88% of FY 2023 taxes had been collected as of the end of the preceding month.

The President opened a public hearing on the proposed tax rate. The attorney explained that the rates recommended by the financial advisor--and proposed at the August meeting--were:

\$0.04 per \$100	to pay principal and interest to service the District's debts in the next year
\$0.0828 per \$100	to fund maintenance and operating expenditures
\$0.1228 per \$100	TOTAL proposed rate

He explained that, in addition to proposing those rates at the August meeting, the Board had called the public hearing. The Vice President asked about the rates and the effect of water or sewer rate increases, also the tax rate proposed by UD4 (which was reported to be \$0.13 per \$100). The President called for any other person who wished to be heard or make a presentation, but there was none. The President then closed the public hearing. The attorney presented a draft ORDER SETTING TAX RATE AND LEVYING TAX, and reviewed the tax rates shown in the order, also the information form amendment that was attached to the order. After discussion, Mr. Tibbets made a motion to adopt the order as presented. Ms. Robert seconded, and, when the question was called, the motion, carrying with it the adoption of the order, was adopted by the following vote:

Voting aye:	Doris Hickman, Richard Tibbets, Janis Boulware, Judy Robert
Voting nay:	(none)
Absent, not voting:	Carolyn Smith (term expired)

The information form amendment was signed and acknowledged.

6. Engineering matters. Ms. Vu presented the engineer's report and reviewed ongoing projects. She mentioned a development moratorium imposed by the City of Conroe (in parts of the City), and she gave an update on the Aqua Texas project to construct a force main, which included the acquisition of an easement across a Pope property. She and Mr. Wright described the process for making an inventory of water service lines (at homes built before 1989) that would be necessary to comply with lead and copper rules. .

Ms. Vu gave a demonstration of a GIS system that WGA had developed for the City of Montgomery. The system included both property (parcel) data and facility data. There were questions about linking other data and reference documents. After discussion, there was a motion to authorize WGA to complete the build out of two GIS applications for the District and provide ongoing maintenance for them. The motion was seconded and adopted.

There was a brief discussion of a Quiddity Engineering invoice in the amount of \$1,496.86 for engineering services relating to the WWTP. There was a motion to approve it and authorize payment. The motion was seconded and adopted.

7. Operations. Mr. Wright presented the operator's written report. He mentioned that there had been three taps and three cutoffs in the previous month. He gave an update on repairs and landscaping at the Admin and Dawns Edge Lift Stations. Ms. Vu indicated that renovation of those two lift stations was being planned during the next year or two, and the renovation could include new landscaping and fencing. There was a discussion about types of fencing.

There was a question about "pigging" and the possibility of establishing a regular schedule. Mr. Wright explained it would be best to do it when pigging is being done by UD4, so that debris could be pushed in one direction through the system. There was a discussion about cost and timing, including the effect of the transmission waterline replacement. After discussion, there was a request that the operator consult with the engineer about the best plan for pigging, taking into account both the UD4 pigging and the waterline replacement, and bring it to the Board for its consideration.

Mr. Wright also described a bulkhead collapse off April Point North. He said the bulkhead had been repaired around the storm sewer pipe, securing it in place.

The attorney mentioned the draft letter to Aqua Texas, Inc. which discussed problems arising under the contract for service to the Lake Conroe Village subdivision. After discussion, there was a motion to authorize the letter. The motion was seconded and adopted.

8. Intergovernmental matters. There was no action taken.

9. District policies, etc. The attorney presented an updated policy resolution and explained that it confirmed the appointment of Judy Robert as investment officer and updated sections on solid waste (regarding excluded waste items) and open records (appointment of Jessica Leung as the public information coordinator). There was a motion to adopt the resolution. The motion was seconded and passed.

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

11. Other. There was no action taken.

There was a motion to adjourn at approximately 5:40 PM.. The motion was seconded and adopted.

These minutes were amended and approved by the Board of Directors on May 19, 2025.

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*.

Jean Charles, Secretary, Board of Directors (SEAL)



Exhibit A

DOC# 24-1807

POSTED

09/12/2024 10:19AM

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 September 16, 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:

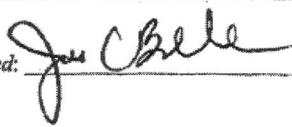
1. **Notices, Minutes.** Notices; minutes of current and prior meetings; related matters.
2. **Public comments.**
3. **Neighborhood matters.** including: rain events, high water, and drainage projects; Montgomery County Utility District No. 4 (UD4); projects, facilities, easements, consolidation, services, 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, including (i) public hearing regarding proposed tax rates; (ii) consider-adopt-set by Order/Resolution the 2024 ad valorem tax rates for maintenance and operation (proposed at \$0.0828/\$100) and debt service (proposed at \$0.04/\$100), or other rate(s), including information form amendment, form for notice to purchasers, etc.
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; operations committee matters; engineering; other professional services; construction and rehabilitation projects; repairs; shared costs; agreements; (including Aqua Texas, Inc./Lake Conroe Village, UD4, City of Conroe, GPW Two—Waterpoint, etc.); temporary and wholesale services (including service for Waterford Estates area), 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/accrion; 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; 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: 9/12/2024

