

**MINUTES OF MEETING OF THE BOARD OF DIRECTORS
December 18, 2023**

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 18, 2023**, at the Pappadeaux Seafood Kitchen restaurant, 18165 Interstate 45 South, Conroe, Texas 77385 in Montgomery County, 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.

All members of the Board were present, except Director Smith, thus constituting a quorum. Also present were Katherine Vu of Ward, Getz & Associates, PLLC (“WGA”); Philip Wright of Hays Utility North Corporation; Tiffany Loggins of L&S District Services, LLC; and James Dougherty, special counsel for the District. (Chris Roznovsky of WGA arrived shortly after the meeting started.) 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 had been posted at the times and places as required by law, as shown in *Exhibit A*, attached. The Board considered draft minutes for the meeting of November 20, 2023. 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 at the beginning of the meeting.

3. Neighborhood update. No representative of Montgomery County Utility District No. 4 (“UD4”) was present. Later in the meeting, there was discussion of the wastewater treatment plant (WWTP), including improvements, agreements, and negotiations.

4. Financial matters. The Board received the bookkeeper’s written report and reviewed the checks presented with the report. Ms. Loggins mentioned several items in the report and described her preparation of the proposed budget, including changes in account codes. She said the WWTP budget had a line item of \$7.4 million, and most of the District’s share would be paid from the Capital Projects Fund. There were questions about the Lake Conroe Village revenues. After discussion there was a motion to approve and adopt the 2024 budget, as prepared, but with two changes: (1) reduce account 4402 (Lake Conroe Village revenues) from \$265,000 to \$140,000, and (2) include the summary tax account budget as in the current budget (CY 2023). The motion was seconded and adopted.

There was a question about “direct deposit” payments, and it was explained that they were authorized by three Director signatures, like other checks. After further discussion, there was a motion to accept the bookkeeper’s report and approve and authorize the checks presented with the report. The motion was seconded and adopted.

5. Taxes, etc. The tax assessor-collector’s report indicated that 7.4% of FY 2023 taxes had been paid as of November 30.

6. Engineering matters. Ms. Vu presented the engineer’s report. She gave an update on the recoating project, and there was a discussion about corrosion and cathodic protection systems, also storage tank designs and materials. Mr. Wright reported that the City of Conroe meter at the WWTP was not functional and needed to be replaced. There were questions about new businesses in the Waterpoint development.

Ms. Vu reported on WGA's proposed new schedule of hourly rates and said it would take effect around February 1 (45th day after the notice). She said she would send a side-by-side comparison of individual hourly rates. Ms. Vu also reported that there was a meeting with City of Conroe engineering staff set for later that day.

There was a motion to approve the proposed check to Quiddity Engineering, LLC for WWTP design-phases services in the amount of \$20,085.20. The motion was seconded and adopted.

There was a discussion about a letter dated October 20, 2023, from the City of Conroe City Attorney about changes to the WWTP improvement project. The engineers were asked to reply on behalf of the Board. There was a question about whether the City of Conroe had paid the Capacity Reservation Fees for 2024, and it appeared that payment had not been received. After discussion, there was also a motion to ask Ms. Loggins and Ms. Vu to consult with City of Conroe staff about the missing payment and to authorize the President to send a failure-to-comply notice (regarding non-payment) if a satisfactory response was not received by December 26, 2023. The motion was seconded and adopted.

Ms. Vu recommended postponement of consideration of the City staff's request for a payment plan for the first monthly billings for use of the WWTP until the meter gets replaced (and the billings are computed).

7. Operations. Mr. Wright presented the operator's written report. He pointed out pumpage data and noted that it had become very difficult to get any hydrogeologist reports for changes in LSGCD permits. He reported on cost splits with UD4 for work at the water plant. He mentioned that the Wastewater Superintendent for the City of Conroe (Greg Hall) had said that it was possible to have stream standards and discharge permits reviewed to determine if permit parameters (like phosphorus limits) are appropriate. Apparently, the actual point of discharge would be an important consideration in any such review. He said John Bleyl had been asked by the UD4 Board to look into the possible scope and cost of a study of stream standards and parameters.

There was a question about PFAS testing. After a discussion, there was a motion to authorize baseline testing, if it could be done at a reasonable cost (not to exceed \$5,000). The motion was seconded and adopted.

8. Intergovernmental matters. There was discussion and action involving the City of Conroe earlier in the meeting.

9. District policies, etc. The attorney explained that some advance preparations were necessary for the May 2024 Directors election. After a brief discussion, there was a motion to: (i) adopt a resolution to approve the designation of Meghan Koett as the Secretary's agent for election duties; (ii) authorize contracts with Montgomery County for the County to conduct the May 4, 2024 Directors election; (iii) authorize the President to execute such contracts; and (iv) authorize the President, the Secretary, Ms. Koett, and the District's attorneys to take all other action necessary to prepare for the May 4, 2024 election. The motion was seconded and adopted.

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

11. Other. Spouses and guests joined the meeting beginning shortly before noon. Lunch was served, and there were public comments, also some informal discussions about matters on the agenda. There was no action taken.

The meeting adjourned at approximately 2:00 PM.

These minutes were approved by the Board of Directors on January 15, 2024.

SIGNED: Doris Heckman, 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.

[Signature], Secretary, Board of Directors (SEAL)



DOC# 23-2100
POSTED
12/12/2023 08:24AM
JEFF WARREN
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 18, 2023** 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; etc.
2. **Public comments.**
3. **Neighborhood matters**, including: rain events and high water (also possible drainage projects); Montgomery County Utility District No. 4 (UD4); projects, facilities, easements, consolidation, services (including 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 debt service, tax data, tax rates, hearing, notice, tax levy, and other financial and tax 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; grounds; other projects; claims; easements (and encroachments); water audits/conservation; drought contingency; utility services, water for the April Sound golf course, policies, rates; charges (including increases); rate order amendments; 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: strategic partnership agreements, WWTP, breach, annexation, services, building/plumbing codes (and related 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; election matters; related matters.
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.

AVISO: Se notifica por el presente que la Mesa Directiva del Distrito de Servicios Públicos No. 3 del condado de Montgomery, celebrará una reunión el 18 de diciembre de 2023, a las 10:00 AM en el Pappadeaux Seafood Kitchen restaurante, 18165 Interstate 45 South, Conroe, Texas 77385 in el condado de Montgomery, Texas con las siguientes asignaturas, entre otras: asuntos electorales.

Signed: Jeff Warren, Secretary, Montgomery County Utility District No. 3. Date: 12/12/2023

