

**MINUTES OF MEETING OF THE BOARD OF DIRECTORS**

**March 18, 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 **March 18, 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 Tibbetts, Vice President  
Janis Boulware, Secretary and Assistant Treasurer  
Carolyn H. Smith, Treasurer  
Judy Robert, Assistant Secretary

and all members of the Board were present, except Richard Tibbetts, thus constituting a quorum. Also present were Chris Roznovsky 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 of February 20, 2024. There was a motion to approve them, as presented. 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 interest earnings on TexPool accounts and mentioned the tax assessor-collector’s report. The Secretary asked whether consultants routinely reviewed draft minutes for action items, etc. There was a brief discussion. The Treasurer asked about keeping the backup documents for payments and the tax reports in the District’s designated file cabinet at Hays. It appeared, from the discussion, that the back-up documents were being collected and archived by the bookkeeper, and the tax reports were being submitted electronically (to the bookkeeper), so they were no longer being kept in the designated file cabinet. 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 report (mentioned by Ms. Carden) indicated that 93.31% of FY 2023 taxes had been paid as of the previous month’s end. Mr. Dougherty presented two proposed orders, one to adopt exemptions from ad valorem taxes and the other to impose the 20% additional penalty on delinquencies. The Secretary moved to adopt both orders. The motion was seconded, and all voted in favor.

**6. Engineering matters.** Mr. Roznovsky presented the engineer’s report. He mentioned a sewer leak and gave an update on the proposed transmission waterline replacement (Phase I), including a preliminary cost estimate of \$680,000. There was a discussion about the project, including possible traffic control measures. Mr. Roznovsky recommended that the Board authorize WGA to complete the plans and advertise for bids. After discussion, there was a motion to authorize WGA to complete the plans (on a time-and-materials basis) and advertise for bids. The motion was seconded, and all voted in favor.

Mr. Roznovsky presented an aerial photo showing two options for relocating a sewer line at 116 April Wind Drive South that would avoid removing a tree. He recommended the “blue” option (called “Option 2” on the photo), which was shorter. He said an easement from the golf course owner would be required. There was a motion to select the “blue” option and authorize the work necessary to obtain an easement. The motion was seconded and adopted.

Mr. Roznovsky reported on a meeting with City of Conroe staff (Gary Scott, Norma McGuire, Chris Bobert, and others) about the WWTP. He said the City’s long-term goal was to divert its sewage flows southward, away from the WWTP, but keep its capacity in the WWTP for future use. However, he said, the City representatives did not give a timeline for those steps, although it was clear that phasing those steps could save everyone a lot of money. He mentioned that a possible cause of delay was the City’s need to acquire an easement for a sewer line that would be necessary to divert sewage flows southward.

There was a question about problems with sludge thickeners at the MUD8-MUD9 treatment plant (like those proposed for the WWTP). Mr. Roznovsky mentioned a possible technique to remove phosphorus. He said he would inquire further.

Mr. Roznovsky said the SJRA had established a new process for reviewing stormwater runoffs into Lake Conroe. He said the new process required a “letter of no objection.” There was a question about the City seeking a water plant site. Mr. Roznovsky said he had received a call from a potential contractor about rebuilding a sewage treatment plant for the Waterford Estates development (Lake South WSC). He said the contractor asked about the possibility of hauling sewage to the UD3-UD4 WWTP during the rebuilding.

There was a motion to accept the engineer’s report and approve Pay Estimate No. 3 (\$78,570) for the CFG contract. The motion was seconded and adopted.

**7. Operations.** Mr. Wright presented the operator’s written report and discussed some of the items. He mentioned a high flow reading from the Lake Conroe Village sewage treatment interconnection, which would increase both the billing to Aqua Texas and the share of expenses to be split between UD3 and UD4. He gave an update on the City of Conroe’s share of the “Flow-Related WWTP Expenses” and monthly charges. He said the City’s actual deliveries began in November 2022. There was a discussion about the form of the billings.

*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 a discussion of City of Conroe issues earlier in the meeting.

**9. District policies, etc.** The Board considered the proposal from the A. J. Gallagher firm for renewal of the District’s insurance policies. There was a discussion about the premium amounts, also the split between the General Operating Account and the WWTP Account. After discussion, there was a motion to authorize the President to accept the proposal and to authorize checks to pay the appropriate portions of the premiums from the General Operating Account and the WWTP Account (with the amount to be split between the funds being calculated to include the premiums for the two “package” policies, the premium for the equipment breakdown policy, and the agent fee) The motion was seconded and adopted. There were questions about: (i) the management fee shown in the WWTP budget, (ii) how the fee was accounted for and paid, and (iii) the portion of the insurance premiums attributable to the Catahoula well (which would be reimbursable by UD4, in part)

The President reported a solid waste problem in which materials left for garbage pickup at a townhouse on April Wind Drive North, within UD3’s boundaries, were initially not picked up on heavy trash day. Reportedly, Mr. North of UD4 was erroneously contacted, but the trash eventually did get hauled off.

Mr. Dougherty reported that the paralegal assigned to UD3 (at NRF) had changed from Meghan Koett to Kaitlyn Malek. There was a motion to approve Kaitlyn Malek as the Secretary’s agent for election duties, replacing Ms. Koett. The motion was seconded and adopted. The Secretary approved the appointment and the notices for posting.

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

11. *Other*. There was no action taken.

There was a motion to adjourn at approximately 4:30 PM. The motion was seconded and adopted.

These minutes were approved by the Board of Directors on 4-15, 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*.

Judy Robert Asst.  
Secretary, Board of Directors (SEAL)

DOC# 24-0562  
POSTED  
03/13/2024 08:09AM  
AIRN PREVITI  
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 2:00 PM on **March 18, 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; etc.
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, 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: 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; election matters; 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.

**AVISO:** Tome nota de que la Junta Directiva del Distrito de Servicios Públicos No. 3 del condado de Montgomery, celebrará una reunión el 18 de marzo de 2024 a las 2:00 PM en 375 Lake Meadows Dr., Montgomery, Texas 77356 en el condado de Montgomery, Texas, con las siguientes asignaturas, entre otras: asuntos electorales.

Signed: [Signature]

Secretary, Montgomery County Utility District No. 3.



Date: 3/13/2024