

MINUTES OF MEETING OF THE BOARD OF DIRECTORS

May 19, 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 **May 19, 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 Judy Robert (who arrived at about 2:49 PM) and Carolyn H. Smith, thus constituting a quorum. Also present were Luke Broseman and Katherine Vu of Ward, Getz & Associates, LLC (“WGA”); Philip Wright of Hays Utility North Corporation; Tiffany Carden of L&S District Services, LLC; Matt Gordon, representing Gordon Partners; and Mauel Cervantes, Manuel Cervantes, Jr., and Manuel Cervantes III, representing Faith Utilities LLC. After the meeting was called to order, 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 April 21, 2025, as amended. There was a motion to approve them. The motion was seconded, and all voted in favor. There was also a motion to amend the minutes of the meeting held September 16, 2024, to reflect the action taken on the amended policies resolution (which was that the resolution was adopted). The motion was seconded, and all voted in favor, thus approving the minutes as amended.

1a. Officers, Etc. Later in the meeting, Mr. Tibbetts made a motion to appoint Matthew Corley as Director to fill the vacancy on the Board (for the unexpired portion of the term ending in May 2028). Ms. Boulware seconded the motion, and, when the question was called, the motion passed (4 – 0), thus appointing Mr. Corley as Director.

2. Public comments. Matt Gordon said he was available to answer questions about Waterpoint or the feasibility study. See discussion, below, under Engineering Matters.

3. Neighborhood update. There was no representative of Montgomery County Utility District No. 4 (“UD4”) present.

4. Financial matters. Ms. Carden presented the bookkeeper’s written report and reviewed it with the Board. She gave a background briefing on security matters. She described two frauds that had been committed against other districts, one based on fraudulent wiring instructions and the other based on hacking into an investment pool account (and possibly a phone system). She said L&S had safeguards in place to prevent such frauds. There was a motion to approve the checks that had been prepared for payment. The motion was seconded and adopted.

5. Taxes, etc. The tax assessor-collector’s report (included in the bookkeeper’s report) indicated that 94.92% of FY 2024 taxes had been collected as of the end of the preceding month.

6. Engineering matters. Near the beginning of the meeting, Ms. Vu and Mr. Wright briefed the Board on problems encountered in connection with the waterline transmission project, including a mysterious connection that prevented the contractor from shutting off the water to allow the rehabilitation work to be done. Ms. Vu

discussed a proposed change order, and she presented the current pay estimate. After discussion, there was a motion to: (i) approve Pay Estimate No. 2 in the amount of \$381,519, (ii) authorize a check in that amount, and (iii) authorize Change Order No. 2 in the amount of \$51,100. The motion was seconded and adopted.

After discussion about the waterline transmission project, Mr. Gordon introduced himself and said he could answer questions on the feasibility study for Waterpoint Phase III. He mentioned that the development was still in the planning stage, and there was some flexibility on timing. Ms. Vu presented the study, and she discussed the work that Bleyl Engineering had been doing with TCEQ on an “Alternate Capacity Request” for the water system (for an elevated storage tank exception). She said it appeared to be necessary to update the old pressure model (or possibly prepare another model) to maintain the number of water connections authorized by the previous waiver. There were questions about whether getting TCEQ approval would affect the timing of Waterpoint Phase III. There were questions and discussion about sanitary sewer capacity, including the provisions in the Strategic Partnership Agreements allowing the City to assign or transfer part of its reserved capacity to landowners or developers outside UD3 and UD4. Mr. Gordon asked if the project would be eligible for any developer reimbursement, if the property were annexed. There were questions about ownership of the tract labeled as “FUTURE PHASE” on the project map, also whether water or sewer service for that phase was being requested. After discussion, there was a motion to accept the study (but not an agreement to extend service). The motion was seconded and adopted.

Ms. Vu presented the regular engineering report and reviewed it with the Board. She gave an update on the proposed letter to Aqua Texas Inc. about termination of the service agreement and granting an easement (to Aqua) along the west line of the WWTP, which could be necessary for Aqua to divert the sewage from Lake Conroe Village to the Aqua sewage treatment plant. She also mentioned the ongoing efforts to get approval of an easement from the golf course owner, which was necessary to reroute a short segment of sanitary sewer and save a landmark tree.

Ms. Vu discussed the Admin Lift Station and the design of fences for lift stations. There was a consensus not to use wood or chain link, also to make the fences eight feet high (to avoid having to use barbed wire). She gave an update on the pending advertisement for bids for the WWTP Lift Station project, which was awaiting action by UD4 on the proposed UD3-UD4 agreement for funding the project.

There was a motion to authorize the proposed letter to Aqua Texas Inc. (about termination of the service agreement and granting an easement along the west line of the WWTP). The motion was seconded and adopted.

7. Operations. Mr. Wright presented the operator’s written report and reviewed it with the Board. He described the “pigging” that had been done, and he mentioned the pressure-reducing valve that became clogged and had to be serviced. He described the work necessary to locate the mysterious source of water that was interfering with work on the waterline transmission project. He said that televising the line had disclosed that the water was coming from April Wind North. He said further investigation disclosed that there were two two-inch taps serving one end of the April Villas development (instead of the single tap shown on the plans). He said that the odd arrangement had been corrected, but the cost of the investigations and corrective work was more than \$20,000.

Mr. Wright explained that a lift pump had been rebuilt at the WWTP at a cost of about \$15,000. He said that part of the carpet-like media in the tertiary disc filter had torn, and all the media had exceeded its useful lift. He said he was recommending that all the media be replaced.

Mr. Wright reported on a TCEQ inspection of the WWTP. He said there were no “write-ups.” He gave an update on water service to the golf course and noted that the usage by the golf course was pushing up the District’s share of water plant costs (but also the District’s water revenues).

There were discussions about additional “pigging” and water pressures in various parts of the system. Mr. Wright explained the arrangement of the pressure-reducing valves and said that adjustments to the valves might increase water pressure at locations with higher elevations. There was also a discussion about the water modeling that had been done when the valves were installed, also about the possibility of monitoring to see if real-world pressures matched the pressures predicted by the model. The President asked Mr. Wright to gather data on water pressures and bring it to the next meeting.

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.

Mr. Wright distributed a revised draft consumer confidence report and discussed some of the updates, including language about coliform testing. There was a motion to approve the report with updates and authorize distribution via water bills and internet. The motion was seconded and adopted.

8. Intergovernmental matters. There was no action taken.

9. District policies, etc. There was no action 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 June 16, 2026.

SIGNED: Daris 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*.

Jan Coker, Secretary, Board of Directors (SEAL)



Exhibit A

DOC# 25-0875

POSTED

05/13/2025 03:59PM

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 **regular session**, open to the public, at **2:00 PM on May 19, 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 subject of the meeting includes these items:

- 1. Notices, Minutes.** Notices; minutes of current and prior meetings, including amended minutes; related matters.
- 2a. Appointments, etc.** Appointment of Director to fill vacancy; qualification, written statement, oath, bond, etc.; election/appointment of officers; etc. (including closed or executive under Section 551.074, Texas Government Code (o deliberate appointment, employment, evaluation, duties of a public officer).
- 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, claims relating to waterline transmission project (Faith Utilities), 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, backups, audit engagement, etc.); investments; 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 (including grant of easement on WWTP site to Aqua Texas, Inc.), 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. District-owned lot on April Wind North, and other properties 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 item listed above includes discussion, consideration, action, etc. (2) Items 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 10 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 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: *Jim C. Butler*

, Secretary, Montgomery County Utility District No. 3

Date: *5/13/2025*

