

MINUTES OF MEETING OF THE BOARD OF DIRECTORS

June 16, 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 **June 16, 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 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 Luke Broseman, Bella Aldred, and Katherine Vu of Ward, Getz & Associates, LLC (“WGA”); Philip Wright of Hays Utility North Corporation; Tiffany Carden of L&S District Services, LLC; and James Dougherty, special counsel to the District. 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 May 19, 2025, as amended. There was a motion to approve them. The motion was seconded, and all voted in favor.

1a. Officers, Etc. Matthew Corley, who had been appointed as Director to fill the vacancy on the Board, could not attend, so he was not sworn in during the meeting.

2. Public comments. There were no public comments.

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 an update on security matters that might be affected by posting reports or confidential data on public websites. There were questions about reimbursement policies for District expenses, followed by a general discussion. The Board’s consensus was to ask the attorney to look for a more-detailed policy document used by other governmental agencies and bring it back to the Board for its consideration (but apply the existing policies until then). Directors who had attended the AWBD conference in San Antonio gave brief reports on sessions they attended.

Ms. Carden said that revenues were running ahead of expenses for the year to date, but greater expenses were expected later in the year. There was a motion to approve the checks that had been prepared for payments. The motion was seconded and adopted.

5. Taxes, etc. The tax assessor-collector’s report (included in the bookkeeper’s report) indicated that 96.59% of FY 2024 taxes had been collected as of the end of the preceding month.

6. Engineering matters.

Ms. Vu presented the engineering report and reviewed it with the Board. She gave an update on the waterline transmission project, and there was a discussion about restoration of affected areas. She also gave an update on the letter and draft easement presented to Aqua Texas Inc., and Mr. Tibbets described a conference call with

Aqua representatives, including Aqua's request to extend the effective date of termination to July 2026. Ms. Vu described a proposed approach for putting the Aqua force main (proposed to be located in the proposed easement area on the WWTP site) in a casing near the digesters (which would perhaps allow a wider easement width north and south of the digesters). There was a discussion about a possible temporary connection to divert flows from the UD3 plant to the Aqua plant, as an alternative to "wet hauling."

Ms. Vu described the design work for rehabilitation of the Admin Lift Station. She pointed out that the site (which included the golf course clubhouse and related facilities) had not been platted, but it appeared that the lift station (also the lines leading in and out of the lift station) had been on the site for about 50 years. After a discussion, there was a motion to authorize a letter to the golf course owner to put them on notice of the District's claim of ownership.

Ms. Vu described the types of fences that could be specified for the upcoming lift station rehabilitations. She said the documents necessary to advertise the Admin Lift Station project were being finalized.

Ms. Vu also gave an update on work that Bleyl Engineering was doing on an "Alternative Capacity Request" to the TCEQ (elevated storage exception). She said it would require an update to the water model for the UD3 and UD4 water systems. She explained that the previous limit on connections (4,021) had come down after the last submission (which was in 2018), possibly because TCEQ had changed the way it counted multifamily connections. Mr. Wright reported on some typical water pressures at the higher elevations in the neighborhood. He said that, during high usage times, it was possible to lower the system pressures as a water conservation measure.

There was a motion to approve and authorize Pay Estimate No. 3 for the transmission waterline replacement project (Faith Utilities LLC) in the amount of \$133,870.50. The motion was seconded and adopted. There was a motion to authorize a temporary right of access for Aqua Texas Inc. to survey the route of the proposed easement along the west line of the WWTP site. The motion was seconded and adopted.

7. Operations. Mr. Wright presented the operator's written report and reviewed it with the Board. He said the biggest item was the failure of the pump motor for the Catahoula well, which required an emergency repair. He said he had arranged for a temporary replacement motor. There were questions and discussion.

Mr. Wright reported that the operator staff had been checking valves, and it appeared that a replacement 12-inch valve was needed near the intersection of April Wind South and Summer Wind. He also reported that Hays UNC had changed its mowing subcontractor. There were questions about mowing the District's property on April Wind Drive North, also about some small trees that had been planted along the drainage facility on that property (and illegal parking on part of the property). The President indicated that she would be in contact with the adjacent property owner about having them removed. Mr. Wright said he could look into the cost of making and posting a "no parking" sign on the bollards or chain at the upper end of the drainage facility (by the street).

Mr. Wright said a property owner on the other side of the street had asked the District to clear undergrowth on the District-owned lot at 109 April Wind Drive North. After discussion, there was a motion to authorize the operator to remove dead trees and vines hanging from the trees and to let the adjacent property owner know that he could remove other undergrowth (but not installed landscaping or beds), at his own expense. The motion was 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. There was discussion of District reimbursement policy earlier in the meeting.

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

11. Other. There was no action taken.

The meeting adjourned at approximately 5:00 PM.

These minutes were approved by the Board of Directors on July 21, 2025.

SIGNED: Steve 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*.

Jessie C. Miller, Secretary, Board of Directors (SEAL)



Exhibit A

DOC# 25-1046

POSTED

06/10/2025 09:46AM

Hannah Hubbard

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 June 16, 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.
- 1a. Appointments, etc.** Appointment of Director to fill vacancy; qualification, written statement, oath, bond, etc.; election/appointment of officers; etc.
- 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, 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 session(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 E (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 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:

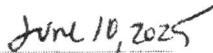


Exhibit A