

MINUTES OF MEETING OF THE BOARD OF DIRECTORS

September 15, 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 **September 15, 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
Matthew Corley, Treasurer
Judy Robert, Assistant Secretary;

and all members of the Board were present, except Janis Boulware, thus constituting a quorum. Also attending the meeting were Luke Broseman and Katherine Vu of Ward, Getz & Associates, LLC ("WGA"); Philip Wright of Hays Utility North Corporation; Loren Clark of L&S District Services, LLC; James Dougherty, special counsel to the District; and Sharon Wuthrich, a resident of the District (91 Summers Wind St.). 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 Assistant 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 August 18, 2025, as amended. There was a motion to approve them, which was seconded and adopted.

2. Public comments. Sharon Wuthrich made comments. See discussion, below.

3. Neighborhood update. There was no representative of Montgomery County Utility District No. 4 ("UD4") present. Sharon Wuthrich introduced herself and gave a presentation about street flooding on Summers Wind St. She showed pictures of high water in the street, also behind one of the houses. She said her neighbor had built some structures to divert water, but there had not been water in her house. She inquired about what the District could do to alleviate the situation. Mr. Wright gave some factual background about the area, explaining how water from north of the site flowed southward toward SH 105 and how the storm drains could fill up during rain events. Ms. Vu showed a map indicating the locations and sizes of storm drains and inlets in the area. Later, she pointed out that the ASPOA handled the streets, and the golf course owner handled water on the golf course. There was a general discussion. After the discussion, there was a motion to authorize the engineers to conduct a study of the area, with a hydraulic model, at a cost not to exceed \$10,000. The motion was seconded and adopted.

4. Financial matters. Ms. Clark presented the bookkeeper's written report and reviewed it with the Board. Following a brief discussion, there was a motion to approve and authorize 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 98.59% of FY 2024 taxes had been collected as of the end of the preceding month. The President opened a public hearing regarding proposed tax rates. After the attorney presented the background on the proposed rates, the President called for other comments or presentations, but there was none. There was a motion to adopt a written measure entitled "ORDER SETTING A TAX RATE AND LEVYING TAX" to levy a total tax for TY 2025 of \$14.51 per \$100 (including \$0.0600 for debt service and \$0.0851 for maintenance and operations) and approve an amendment to the District Information Form. The motion was seconded, and, when the question was called, the motion (carrying with it the adoption of the order and resolution) was adopted by the following vote:

Voting Aye: Doris Hickman, Richard Tibbetts, Judy Robert, Matthew Corley
Voting Nay: (none)

After adoption, the order was signed by the President and Assistant Secretary, and the amendment to the District Information Form was signed by four Directors (and notarized).

6. Engineering matters.

Ms. Vu presented the engineering report and reviewed it with the Board. She gave an update on the contract execution process for the WWTP lift station project. She also gave an update on the negotiations with Aqua Texas, Inc. and the easement along the west line of the WWTP site that Aqua had requested. Mr. Dougherty explained that the Aqua attorney had asked about two business points: (i) to allow the easement to be used for sanitary sewer purposes (either a gravity line or a force main); and (ii) to reduce the minimum deposit specified in the amended contract. After discussion, there was a motion to re-authorize the proposed change in the purpose of the easement and to allow a minimum deposit of \$50,000 under the amended contract. The motion was seconded and adopted.

Ms. Vu gave an update on the Admin and Dawn's Edge lift station projects, and there was a discussion about a revised letter to the golf club owner regarding the use of the clubhouse site for water, sewer, and drainage facilities (which also mentioned the use of a street segment by the public). After discussion, there was a motion to authorize the revised letter, with a clarification to the last paragraph to indicate that there would be an opportunity to meet and confer. The motion was seconded and adopted.

7. Operations. Earlier in the meeting, Mr. Wright presented the operator's written report and reviewed it with the Board. He said the wells were going to be tested, and he reviewed pumpages and WWTP discharges. He said the discharge meter at the WWTP had been calibrated, and it was found to have been reading high. The Board asked that the meter be checked more frequently.

Mr. Wright mentioned that the operator's costs had been increasing, especially for licensed operators, meters, and insurance, and he presented a proposed new schedule of rates and charges. In response to questions, he discussed the factual background and policies. He asked that the new schedule be brought forward for consideration by the Board at 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.

During the engineering report, Ms. Vu and Mr. Boseman presented two sets of water and sewer rate tables. One set analyzed an increase in revenues of \$250,000 per year. The other analyzed an increase of \$350,000 per year. There was a general discussion. The Board asked the engineers to check the rates being charged by the City of Conroe in the rest of the City and to refine the rate tables and bring them back to the Board for consideration at the October meeting. Ms. Vu gave an update on the meeting with an ASPOA representative about the fence along SH 105 near the south end of Summers Wind. She said ASPOA was looking at options, and another meeting was planned.

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 4:55 PM.

These minutes were approved by the Board of Directors on October 26, 2025.

SIGNED: Laris Hickman, President, Board of Directors

ATTESTATION & CERTIFICATION. By signing below, the undersigned 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*.

Joe Chelle, Assistant Secretary, Board of Directors



DOCH 25-1596

POSTED

08/28/2025 09:04AM

Preston Kolb

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 15, 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.
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; 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, including (i) **public hearing** regarding proposed tax rates; (ii) *consider-adopt-set, by Order/Resolution*, 2025 ad valorem tax rates for maintenance and operation (proposed at \$0.0851/\$100) and debt service (proposed at \$0.0600/\$100), both being higher than 2024 rates, or other rate(s); and also 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 (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 at 114 April Wind North, fence along SH 105 near Summers Wind, and other properties and facilities; (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 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, no 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: [Signature], Secretary, Montgomery County Utility District No. 3.

Date: 9/15/2025

