

MINUTES OF MEETING OF THE BOARD OF DIRECTORS

October 20, 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 **October 20, 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 Richard Tibbetts, 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; and James Dougherty, special counsel to the District. 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 September 15, 2025, as amended. There was a motion to approve them, which was seconded and adopted.

2. Public comments. There were no comments.

3. Neighborhood update. There was no neighborhood update.

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 (shown in the bookkeeper's report) indicated that 98.71% 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. There was a question about the amended contract with Aqua Texas Inc., including the deposit amounts, payment of the prior deposit, etc.

Regarding the possibility of using bond proceeds to pay the costs of rehabilitating the Admin and Dawns Edge lift stations, Ms. Vu explained that there were restrictions on changing the use of the Series 2023 bond proceeds (which TCEQ had approved only for the WWTP improvements).

Ms. Vu also mentioned easement matters relating to April Sound Management LLC properties, including storm sewers across the golf course and utilities on the clubhouse site. She gave an update on the work with ASPOA about a short segment of the new fence along the north line of SH 105.

Ms. Vu reported on the study of local-area drainage near Summers Wind Street. She explained that newer rainfall events indicated that 5-6 CFS of runoff (per acre) could be generated, which was higher than previous runoff rates. There was a general discussion of the topography and possible projects, also the role of the golf course. After the discussion, there was a motion to authorize Mr. Dougherty to contact counsel for the golf course owner about a possible meeting between District and golf course representatives, supported by their engineers and consultants. The motion was seconded and adopted.

Ms. Vu presented a draft for an updated CIP, which looked 15 years ahead and showed estimated capital costs for the water plant, the WWTP, and the next round of sanitary sewer televising and rehabilitation. There was a general discussion. Ms. Vu asked the Directors to review the draft, in preparation of additional discussion, and she said she would provide a copy to Mr. John Bleyl (the engineer for UD4) for his review and comment, particularly on joint projects like the Catahoula well and the WWTP.

Mr. Broseman and Ms. Vu presented spreadsheets and background data for the previously-authorized rate study. The spreadsheets showed possible rates at two revenue-increase levels (\$250,000 per year and \$350,000 per year). There was a motion to request the engineers and the attorney to work together to prepare a set of amendments to the District's rate order to incorporate proposed rates designed to produce \$300,000 per year additional revenues, also "ancillary" rates, fees, and charges. The motion was seconded and adopted. The President asked Ms. Clark to include a \$300,000 per year revenue increase in a draft budget to be reviewed at the November board meeting (and to include updated appendices for capital items and debt service).

7. Operations. Mr. Wright presented the operator's written report and reviewed it with the Board. He gave an update on the calibration of the effluent meter at the WWTP. He presented a request for a bill adjustment from a resident who had reported a leaking toilet that had caused a total usage of about 200,000 gallons during the billing period (and a bill of about \$1,000). He said she had shown that the toilet had been repaired, and she had requested a reduction in the bill. After discussion, there was a motion to authorize the operator to recalculate the bill using the first-tier volume rates (not the increased rates for higher tiers) and grant a credit on the account, in view of the showing that the leak had been repaired.

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. Mr. Dougherty reported that Mark Eyring was having to downsize his firm, and he would not be submitting a proposal for the next annual audit. There was a motion to authorize the President (with assistance from the attorney and the bookkeeper) to send out requests for statements of interest and qualifications for a new auditing firm. The motion was seconded and adopted.

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

11. Other. There was no action taken.

The meeting adjourned at approximately 4:40 PM.

These minutes were approved by the Board of Directors on November 17, 2025.

SIGNED: Davis Heckman, 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*.

Jos Chulu, Secretary, Board of Directors (SEAL)



DOC# 25-1908

POSTED

10/10/2025 01:39PM

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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 October 20, 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; bills/payments; transfers; depository matters (including agreements); audits and auditors (qualifications, 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 flows; 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, studies, improvements, District-owned lot at 114 April Wind North, fence along SH 105 and areas 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, 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 sessions(s)** under Sections 551.071-551.084, Texas Government Code regarding items 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 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: October 10, 2025

