

MINUTES OF MEETING OF THE BOARD OF DIRECTORS

November 17, 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 **November 17, 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 Judy Robert, thus constituting a quorum. Also attending the meeting were Luke Broseman, Chris Rozovsky, and Katherine Vu of Ward, Getz & Associates, LLC (“WGA”); Philip Wright of Hays Utility North Corporation; Tiffany Carden of L&S District Services, LLC; James Dougherty, special counsel to the District; and Sharon Wuthrich, a resident of the District (at 91 Summers Wind). 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 October 20, 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. Ms. Wuthrich addressed the board about drainage on Summers Wind. She reported that the golf course owner had been doing work on the golf course behind 114 Clear Springs (north of the Summers Wind area), apparently dredging out a swale. She also reported that two new houses were proposed on Summers Wind, possibly for the vacant or green area on the west side. Board members recommended that Ms. Wuthrich contact the Architectural Control Committee and the City of Conroe about the drainage plans for the new houses. The President explained that the District did not have control over those plans.

4. Financial matters. Ms. Carden 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.

Ms. Carden reviewed the draft for a proposed General Fund budget for 2026, and there was a general discussion of changes for the second draft (to be considered at the December meeting), including: abolish grease trap inspection fee revenue account (because those revenues would be included in 4300); add description for 4502 (Section 4.02 and Appendix C of SPA); increase amounts of line items for operator’s base monthly fee; and move water line replacement and lift station capital items (including engineering) from main budget pages and put them onto Appendix A (for those projects that are desired). Ms. Vu discussed possible changes to Appendix A. She said the estimated cost to rehab Admin Lift station alone (without Dawns Edge) was about \$1,117,600, including contingency, engineering, etc. After a discussion about the costs and the available funds, there was a motion to reject all bids received for the Admin and Dawns Edge lift station rehabilitations and indicate an intention to readvertise, probably in second half of 2026.

5. Taxes, etc. The tax assessor-collector’s report (shown in the bookkeeper’s report) indicated that 2.22% of FY 2025 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 bids and contracts for the WWTP lift station project. There was a discussion about the successful bidder's certificates of insurance and its requests for variations. After discussion, there was a motion to approve and authorize: (1) the first requested variation (to allow use of an umbrella liability form in lieu of the excess liability form), and (2) execution of the Contract Documents (on behalf of the District) and issuance of a notice to proceed, with a letter explaining that, except for the approved variation for the umbrella liability policy, the District would not be waiving the contractual requirements to "procure and maintain in effect" insurance that complies with the INSURANCE SPECIFICATIONS.

Ms. Vu gave updates on the acquisition of a small sanitary sewer easement on the golf course and the TCEQ's approval of the alternative capacity request for the water system. She reported that the TCEQ approval had a condition requiring UD4 to provide an additional hydropneumatic tank (which was planned to be done in mid-2026).

For the Sanitary Sewer Rehabilitation Phase 1 project, Ms. Vu reported that the one-year period covered by the maintenance bond had expired, and she recommended that the bond be released. There was a motion to that effect. The motion was seconded and adopted.

Ms. Vu presented the results of the water and sanitary sewer rate study and reviewed it with the Board. She asked about Option 2, which was a three tier structure for the non-residential rate classifications, with the tiers based on meter sizes: 3/4" meters, 1" or 2" meters, and 3" or large meters. She reviewed specific recommended changes in the rate order, including both rates and wording. There was a request to eliminate the use of all capital letters (and fix typos in the all-capped sections and elsewhere, e.g., "is begun" requirement). Mr. Dougherty reported that he had received a chart of changes in "ancillary" fees from the operator, and they could be included in a re-draft, along with the rate changes. Ms. Vu said the revised revenue estimates to use for the budget, with the proposed rate changes, should be \$505,000 for water service revenues and \$763,000 for sewer service revenues.

7. Operations. Mr. Wright presented the operator's written report and reviewed it with the Board. He gave an update on the replacement of the gear drive for the mixer in an aeration basin at the WWTP. He said he had received a quote exceeding \$90,000 (parts alone) for replacing the whole assembly, including a long, solid drive shaft. He added that Brian Lucas had figured out a way to procure and replace just the gear drive at a much lower cost.

Ms. Wright showed reports on aquifer levels and water well pump settings. He said they looked steady, with plenty of submergence and no sharp drops.

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 no action taken.

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

11. Other. It was mentioned that the December regular meeting had been rescheduled for December 15, 2025 starting at 10:00 AM at the Pappadeaux restaurant on IH-45 near the Woodlands. There was no action taken.

The meeting adjourned at approximately 5:10 PM.

These minutes were approved by the Board of Directors on December 15, 2025.

SIGNED: Davis 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*.

Jan C. Bell, Secretary, Board of Directors (SEAL)

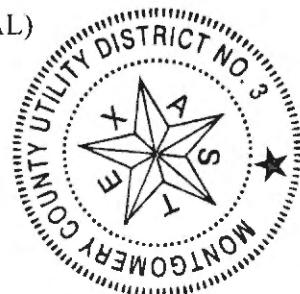


Exhibit A

DOC# 25-2081

POSTED

11/12/2025 09:01AM

Aallee Hanson

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 **November 17, 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); proposed general fund budget for FY 2026 (available on the home page of the District's Internet website, at <https://www.mcud3.com/>; see, also, attached Taxpayer Impact Statement) audits and auditors (qualifications, engagement, etc.); investments; bond proceeds; capital projects fund; debt service, transfers, 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, capital improvement plan, 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, 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 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 30 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: Janie C. Boulware
Secretary, Montgomery County Utility District No. 3



Date: Nov. 11, 2025

The following is included in the attached NOTICE OF MEETING OF THE BOARD OF DIRECTORS OF MONTGOMERY COUNTY UTILITY DISTRICT NO. 3 for meeting on November 17, 2025

TAXPAYER IMPACT STATEMENT##

	Current Budget Fiscal Year Ending [Month Year]**	Proposed Budget Fiscal Year Ending [Month Year]**	No-New-Revenue Tax Rate Budget***
Estimated District Operations and Maintenance Tax Bill on Average Homestead*	\$ 359,35	\$ 445,92	\$ 359,35

*The District levies taxes in accordance with the Texas Water Code. The District's current operations and maintenance tax rate is equal to \$4.35 per \$100 of assessed value. Average homestead values are determined by the county appraisal district. All estimates above were prepared utilizing the average resident homestead value as of the time that the District's most recent Truth in Taxation worksheet was prepared in accordance with the Texas Water Code.

**Average tax bill estimates for the current and proposed budgets reflect those taxes necessary to fund the operations and maintenance tax revenues stated in the applicable budget.

***This column estimates the operations and maintenance taxes to be paid on the average homestead if the proposed budget generates the same amount of operations and maintenance tax revenues as the current budget.

* \$0.0828 per \$100 for TY 2024; \$0.851 per \$100 for TY 2025

DISCLAIMER: This statement is prepared pursuant to Texas Government Code, Section 351.043(c) as amended by House Bill 1522, 89th regular session. This District has used Texas Water Code equivalent calculations in place of the Tax Code, Chapter 26 "no-new-revenue tax rate" referenced in HB 1522 and has used average the homestead value as required by Texas Water Code Section 49.236 rather than the median homestead values specified in HB 1522. These modifications are necessary because the referenced Tax Code provisions do not apply to the District.

Instructions for Preparation: This form is to be prepared by the Bookkeeper for the District and provided to the Attorney and Legal Assistant, along with the proposed budget, at least 10 days prior to the date of the meeting at which the proposed budget will be considered. Please note that the rates utilized below may not conform exactly to the O/M rate levied by the Board. The average homestead value should be the same for all calculations and should be the average resident homestead value shown in the most recent truth in taxation worksheet prepared by the Tax Assessor Collector on behalf of the District.

Taxes for Current Budget and No-New-Revenue Tax Rate Budget

Average Homestead Value Shown in Most Recent Truth in Taxation Worksheet	X	O/M Tax Rate Used to Produce Projected O/M Levy in Current Budget
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100

Taxes for Proposed Budget

Average Homestead Value Shown in Most Recent Truth in Taxation Worksheet	X	O/M Tax Rate Used to Produce Projected O/M Levy in Proposed Budget
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100

If the district does not levy an operations and maintenance tax to fund its operating budget, the above table and footnotes should be replaced with the following statement: [The][Name of District] does not levy an operations and maintenance tax to fund its operations and maintenance budget, and the proposed operations and maintenance budget will not impact the property tax bill of a homestead within the boundaries of the [name of district].

If the district does not contain any resident homesteads as of the most recent certified values received from the CAD, the above table and footnotes should be replaced with the following statement: The proposed budget will have no impact on the property tax bill for an average resident homestead as there are currently no properties that qualify for a residential homestead exemption within the boundaries of [name of district] as of the date of the most recent certified values provided by [APPRAISAL DISTRICT].