

MINUTES OF MEETING OF THE BOARD OF DIRECTORS

December 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 (rescheduled) session, open to the public on December 15, 2025, at 10:00 AM on December 15, 2025, at the Pappadeaux Seafood Kitchen restaurant (The Lounge room), 18165 Interstate 45 South, Conroe, Texas 77385 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, thus constituting a quorum. Also attending the meeting were Luke Broseman and Chris Roznovsky 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.

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 November 17, 2025, as revised. There was a motion to approve them, which was seconded and adopted.

2. Public comments. There were no comments.

3. Neighborhood update. Mr. Wright gave an update on drainage issues near a site on Water’s Edge St., including reported issues involving a manhole (and its cover), an inlet box, and a driveway. He described a swale that ran onto the golf course, also a nearby creek. After a brief discussion, there was a motion to authorize the operator to televise the affected section of storm drain and to replace the affected manhole cover with a grate-type opening. The motion was seconded and adopted.

4. Financial matters. Ms. Carden presented the bookkeeper’s written report and reviewed it with the Board. She explained that there was a delay in receiving the November bank statement, and she described transfers for debt service and reserves for the TWDB revenue bonds. She reviewed proposed changes to the General Fund budget for CY-FY 2026, and she gave an update on the billings to the City of Conroe for payments under the Strategic Partnership Agreement, also the upcoming payment due in February 2026. Following a brief discussion, there was a motion to adopt the General Fund budget for CY-FY 2026 with the proposed changes (including Appendix A and Appendix B) and to approve and authorize: (i) the invoices the City of Conroe (two invoices); and (ii) the checks that had been prepared for payment. The motion was seconded and adopted.

Ms. Carden reported on the request for qualifications for accounting services and the response received from McCall Gibson Swedlund Barfoot Ellis PLLC. After questions and a discussion, there was motion to: (i) find and determine that McCall Gibson Swedlund Barfoot Ellis PLLC was the most qualified for providing accounting services to the District, and (ii) authorize the President to sign an audit engagement letter with that firm, subject to receipt of Form 1295 (unless exempt). The motion was seconded and adopted.

5. Taxes, etc. The tax assessor-collector’s report (shown in the bookkeeper’s report) indicated that 14.13% of FY 2025 taxes had been collected as of the end of the preceding month.

6. Engineering matters. Mr. Broseman presented the engineering report and reviewed it with the Board. He gave an update on the contracts and the contractor's insurance for the WWTP lift station project. Mr. Roznovsky discussed future capital costs, including costs for the Admin and Dawn's Edge lift stations. He mentioned the possibility of applying for a change in the scope of the TCEQ-approved project for the WWTP, to allow part of the approved funds to be used for the Admin and Dawn's Edge lift stations. There were questions and a discussion.

Mr. Broseman and Mr. Wright reported on the installation of diversion facilities by Aqua Texas, Inc. at the WWTP. Mr. Wright indicated that he would work out arrangements for access to the WWTP site by Aqua personnel, as required by the amended contract with Aqua.

Mr. Broseman and Mr. Dougherty presented a proposed amendment to the rate order based on the discussions at the previous Board meeting. Mr. Wright described proposed changes to the operator contract (including increases in the cost for making taps), and there was a general discussion. After discussion, there was a motion to adopt the proposed amendment to the rate order, but with changes to the Residential-SF and Irrigation-Only tap fees (to be set at 1.5 times the actual and reasonable costs to the District). The motion was seconded and adopted.

Mr. Roznovsky presented a revised schedule of rates for engineering services to take effect in February 2026 under the engineering services agreement with WGA. He answered questions about new hires at WGA and various hourly rates.

7. Operations. Mr. Wright presented the operator's written report and reviewed it with the Board. He gave updates on water accountability and replacement of the gear drive for the mixer in an aeration basin at the WWTP. He said the total cost, with crane rental, came in at about \$7,400 (much lower than the initial estimate for replacing the whole assembly). Mr. Wright said water pumpage had gone down because the golf course had stopped using water from the District. He also said it would be necessary to replace pumps and do additional work at the small lift station near the doughnut shop.

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.

There was a discussion of the proposed new rate schedules submitted by the operator for the two operations contracts (one for the water-sewer system, one for the WWTP). Mr. Dougherty recommended two changes to the proposal: (i) make the new rates effective January 1; and (ii) insert the formula for calculating costs. There was a motion to approve and authorize amendments for the two operation contracts, with the proposed new rate schedules and the two changes. 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 session(s). There was no executive session.

11. Other. There was a motion to approve the Secretary's appointment of Jessica Leung to serve as the Secretary's agent for election activities. The motion was seconded and adopted. There was a brief recess, after which guests arrived and lunch was served. During lunch, there were informal discussions of items on the agenda, but no action was taken.

The meeting adjourned at approximately 1:30 PM.

These minutes were approved by the Board of Directors on January 19, 2026.

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*.

Tom Challey

, Secretary, Board of Directors (SEAL)



Exhibit A

DOC# 25-2256

POSTED

12/09/2025 11:28AM

Rosio Munoz

L. BRANION STEINMANN, COUNTY CLERK

**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, ~~the Board has suspended~~ ~~make notice that~~ the Board of Directors (Board) of Montgomery County Utility District No. 3 (District) will meet in ~~rescheduled~~ ~~regular~~ session, open to the public at 10:00 AM on December 15, 2025 at the Pappadeaux Seafood Kitchen restaurant (The Lounge room), 18165 Interstate 45 South, Conroe, Texas 77385 18165 I-45, Conroe, TX 77385 18165 I-45, Conroe, TX 77385 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, , etc. (including WWTP, water, sewer, solid waste); April Sound POA; etc. 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.mcuud3.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, 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.

AVISO: Se notifica por el presente que la Mesa Directiva del Distrito de Servicios Públicos No. 3 del condado de Montgomery, celebrará una reunión el 25 de diciembre de 2025, a las 10:00 AM en el Pappadeaux Seafood Kitchen restaurante, 18165 Interstate 45 South, Conroe, Texas 77385 (la sala llamada 'The Lounge') en el condado de Montgomery, Texas, con las siguientes asignaturas, entre otras: asuntos electorales.

Signed: Janis C. Boulware, Secretary, Montgomery County Utility District No. 3.
Date: 12/9/2025



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 December 15, 2025:

TAXPAYER IMPACT STATEMENT

	Current Budget Fiscal Year Ending 12/31/2025**	Proposed Budget Fiscal Year Ending 12/31/2026**	No-New-Revenue Tax Rate Budget***
Estimated District Operations and Maintenance Tax Bill on Average Homestead*	\$ 560.57	\$ 694.97	\$ 560.57

*The District levies taxes in accordance with the Texas Water Code. The District's current operations and maintenance tax rate is equal to \$0.851 per \$100 for TY 2025 (and it was \$0.0828 per \$100 for TY 2024) 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.

DISCLAIMER: This statement is prepared pursuant to Texas Government Code, Section 551.043(c) as amended by House Bill 1522, 89th Leg., 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 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.

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 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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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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