

MINUTES OF MEETING OF THE BOARD OF DIRECTORS

February 16, 2026

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, at **2:00 PM** on **February 16, , 2026**, 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, 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 Matthew Corley, 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. She mentioned problems with the new posting box and on the website. The Board considered draft minutes for the meeting of January 19, 2025, as revised. There was a motion to approve them, which was seconded and adopted.

2. Public comments. There were no public comments.

3. Neighborhood update. There was no special update.

4. Financial matters. Ms. Carden presented the bookkeeper’s written report and reviewed it with the Board. She reported that the first-month deficit shown in the report was a result of the timing of the transfer of tax proceeds, which “lagged” the payment of expenses for the month. She answered questions about the upcoming AWBD conference and payments from the City of Conroe. After discussion, there was a motion to accept the bookkeeper’s report 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 82% of TY 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. Mr. Tibbetts asked about effluent flows at the WWTP and the effect of the newly-calibrated meter. Mr. Roznovsky explained that several months of data would be needed to determine the effect of the calibrations, also that the areas of possible growth in discharges were the Water Oak area of Montgomery County Utility District No. 4 (“UD4”) and the Boulware Tract (in the District, on SH 105), but growth from the Boulware Tract could be lower than previously thought.

Mr. Broseman said that the water plant inspection indicated no major issues. He then discussed storm sewers and possible obstructions. He said a cost estimate for televising large storm sewers would be \$3.50 per foot. Mr. Roznovsky suggested a program to televise storm sewers on a rotating basis, starting with the large facilities on April Sound Boulevard. There were questions about problem areas for drainage. Mr. Wright mentioned the possibility that old train cars had been used to construct large drains beneath the golf course south of April Wind

Drive North. After discussion, there was a motion to authorize the engineers to select parts of the storm sewer system for initial televising and authorize the operator to obtain necessary televising services (up to \$10,000). The motion was seconded and adopted.

There were questions and an extended discussion about maintaining water quality, including line flushing and “pigging.” Mr. Wright explained that installation of the pressure-reduction valves changed flow directions in some areas, which may have changed problem areas for sediment. He also mentioned that the last valve survey had revealed some valves that were closed, which created “artificial dead ends.” He showed a jar of water with sediment on the bottom. When he shook it, the sediment dispersed, making the water appear rusty. Mr. Wright indicated that the operator would resume “pigging” operations (previously approved by the Board) which had been paused because of the waterline rehabilitation work.

There was a motion to accept the engineering report. The motion was seconded and adopted.

7. Operations. Mr. Wright presented the operator’s written report and reviewed it with the Board. He said that bills with the new water rates had gone out on February 6, and special written notices had been sent to the two customers with service addresses outside the District’s boundaries. There was a discussion about the possibility of establishing differential rates for “inside” customers and “outside” customers. The consensus was to consider it when the District next adjusts rates.

Mr. Wright reported a problem with the software controlling the WWTP that affected flows between basins. He said the control system had not been exposed to the internet, also that the problem had not caused a permit violation. He explained that the item called “Catahoula operations” in the written report actually covered other facilities at the water plant, so it was correctly put into the cost category to be split 67/33.

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.

9. District policies, etc. There was no action taken.

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

11. Other. The Secretary and the special counsel gave an update on the District’s website. They explained the request for a “review” proposed by the OffCinco firm, also a proposed new agreement with the Infinity Services firm. There was a discussion about optional provisions. After further discussion, there was a motion to: (i) approve and authorize the “review” (with increased rates) proposed by the OffCinco firm; (ii) approve and authorize the proposed new contract with the Infinity Services firm, with Exhibit B (including a minor change regarding payment of domain registration fees) and Exhibit A (accepting the option for a “standard layout” and Option 2 for hosting and maintenance), and (iii) authorize the Secretary to give notice of termination of the OffCinco contract at the appropriate time. The motion was seconded and adopted.

The Secretary and the special counsel also reviewed the election timetable and mentioned the special meeting called for February 17 at 5:00 PM.

The Board reviewed the proposal to renew the insurance policies that had been sent by the AJ Gallagher firm, and there was a discussion about the amounts of increases and an optional 2% deductible, also the possibility of getting other quotes. After discussion, there was a motion to: (1) request the engineers and bookkeeper to calculate the premium amounts to be paid for the WWTP and the water plant; and (2) approve and authorize the renewal, with the optional 2% deductible, subject to approval by the WWTP operations committee and/or UD4; and (3) authorize checks to pay the premiums, allocated and split between the General Fund and the WWTP Account, in accordance with the calculations by the engineer and the bookkeeper. The motion was seconded and adopted.

There was a discussion about a request from the Bailey Brothers, but since a representative was not in attendance, the consensus was to request additional information from the Baileys for consideration at the next meeting. Ms. Robert volunteered to contact the Baileys.

The meeting adjourned at approximately 4:30 PM.

These minutes were approved by the Board of Directors on March 16, 2024.

SIGNED: Garis 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*.

Jan Chalk, Secretary, Board of Directors (SEAL)



Exhibit A

DOC# 26-0346

POSTED

02/10/2026 11:21AM

AIRN PREVITI

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 February 16, 2026**, 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, , etc. (including WWTP, water, sewer, solid waste); April Sound POA; golf course and sites; etc.
4. **Financial matters.** Receive, discuss, consider and act upon bookkeeper and investment reports; bills/payments; transfers; depository matters (including agreements); audits; 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, facilities, and other projects (including waterline and sewer rehabilitation, use of golf course sites for water, sewer, and drainage facilities, settlements, etc.) and sale of District property; (vii) engineering 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,, 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.); website matters including contracts; elections, including agreements with County, cancellation; 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 16 de febrero de 2026, a las 2:00 PM en 375 Lake Meadows Drive, Montgomery, Texas 77356 en el condado de Montgomery, Texas, con las siguientes asignaturas, entre otras: asuntos electorales, incluidos los de cancelación, etcétera.

Signed:  Secretary, Montgomery County Utility District No. 3.

Date: 2/10/2024

