

**CERTIFICATE FOR RESOLUTION**

**STATE OF TEXAS** §  
**COUNTY OF MONTGOMERY** §  
**FAR HILLS UTILITY DISTRICT** §

We, the undersigned officers of the Board of Directors (the "Board") of **FAR HILLS UTILITY DISTRICT** (the "District"), hereby certify as follows:

The Board convened in regular session, open to the public, on June 9, 2022, at 5:00 p.m., at 10320 Cude Cemetery Road, Willis, Texas 77318, and the roll was called of the members of the Board, to-wit:

Jim Haymon	President
Christopher Kuhl	Vice President/Tax Compliance Officer
Melinda M. Shelly	Secretary
David Bock	Assistant Secretary
J. Richard Cutler	Director

All members of the Board were present, thus constituting a quorum. Whereupon other business, the following was transacted at such Meeting: A written

**RESOLUTION ADOPTING AMENDED POLICIES, PROCEDURES AND APPLICATION FOR WATER AND SEWER SERVICE, ANNEXATION AND/OR DEVELOPER REIMBURSEMENT**

was duly introduced for the consideration of the Board. It was then duly moved and seconded that such Resolution be adopted; and after full discussion, such motion, carrying with it the adoption of such Resolution prevailed, carried, and became effective by the following vote:

**AYES:**       5                            **NOES:**       0      

A true, full and correct copy of the aforesaid Resolution adopted at the Meeting described in the above foregoing paragraph is attached to and follows this Certificate; such Resolution has been duly recorded in the Board's minutes of such Meeting; the above and foregoing paragraph is a true, full, and correct excerpt from the Board's minutes of such Meeting pertaining to the adoption of such Resolution; the persons named in the above and foregoing paragraph are the duly chosen, qualified, and acting officers and members of the Board as indicated therein; each of the officers and members of the Board are duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of such Meeting, and that such Resolution would be introduced and considered for adoption at such meeting, and each of the officers and members consented, in advance, to the holding of such Meeting for such purpose; and such Meeting was open to the public and public notice of the time, place, and purpose of such Meeting was given, all as required by Chapter 551, Texas Government Code and Section 49.063, Texas Water Code, as amended.

SIGNED AND SEALED the 9<sup>th</sup> day of June, 2022.

  
Secretary, Board of Directors

  
President, Board of Directors



**POLICIES, PROCEDURES AND APPLICATION FOR  
WATER AND SEWER SERVICE, ANNEXATION AND/OR DEVELOPER  
REIMBURSEMENT  
(Adopted March 20, 2019)  
(Amended June 9, 2022)**

The requirements of this Policies, Procedures and Application for Water and Sewer Service, Annexation and/or Developer Reimbursement (the "Policy") shall apply to any request to Far Hills Utility District (the "District") for water and sanitary sewer service (including a commitment for utilities), annexation and/or developer reimbursement (the "Application") for any property, project or proposed development (the "Development") presented by any person or entity (the "Applicant") and should be obtained from the District's Attorney. The attached Application, along with a deposit for the feasibility, made payable to the District in the amount(s) to be determined by the District's Engineer, unless otherwise modified or waived by the District, should be completed and submitted to the District at or prior to a designated meeting of the Board of Directors (the "Board") of the District. During the preliminary review of the proposed Development at the designated meeting, the Board will ask pertinent questions to be certain the Applicant is fully aware of the obligations associated with obtaining water and sewer service from the District and/or annexing land into the District. The Board will also make certain all necessary facts are available in order that the District's Engineer and other consultants to the District can review the Applicant's preliminary scheme of development and determine whether it is feasible for the Board to further consider the Applicant's request. Any review of the Application or any action by the consultants will not be undertaken until authorized by the District.

Applicant's feasibility deposit will be used to cover the expenses incurred by the District for the preliminary evaluation by the District's consultants as to whether the District's facilities can accommodate the proposed Development, and, if applicable, whether the District has sufficient authorized and unissued bonds available for reimbursement and whether the proposed annexation, if necessary, will adversely affect the District's financial condition, including the District's tax rate.

If the District's consultants indicate that the Development (as submitted) cannot be accommodated by the District's facilities, any remaining portion of the deposit will be refunded. Fees charged by the District's consultants will be in accordance with their normal rate schedules to the District, plus any expenses incurred during their review. Consultants may include the District's Engineer, Attorney, Financial Advisor and/or Operator. If feasible, at the discretion of the District, the Applicant may be required to fund necessary improvements to the District's facilities in order to accommodate the Development.

The Board reserves the right to request additional deposit monies from Applicant should the initial deposit not be sufficient to cover anticipated consultant costs during the review. If additional monies are not deposited when requested, then all review work will cease, and this Application will become null and void upon ten (10) days written notice by the District to the Applicant. Upon completion of the review by the District, the remaining portion of Applicant's deposit, if any, will be returned to Applicant.

Other pertinent facts and information Applicant should know and be agreeable to are contained hereinafter and should be read carefully before submitting an Application.

The Board has adopted the following policies and procedures for the purposes of providing water and sewer service for the growth and development within the District. These policies and procedures will apply throughout the District for any new or additional Development:

**Section 1. Application for Service.** It is the policy of the District that water and sanitary sewer capacity be committed only to specific Development projects that anticipate completion of the infrastructure (utilities and paving) within twelve (12) months from the date of issuance. The following shall apply to all requests for service, including commitments for service ("Utility Commitment"), whether the Applicant's property is already located within the District or is being considered for annexation:

- 1.1 Any party requesting service from the District, whether at the time of application or at a future date, shall be required to submit an Application to the Board for its consideration.
- 1.2 Utility Commitments and Applications for service or annexation are non-transferable; provided, however, prospective purchasers of the Development may jointly apply for service and/or annexation with the Applicant.
- 1.3 Applications will not be considered for property with delinquent standby fees or taxes.
- 1.4 Utility Commitments may be made contingent upon the availability of capacity in the District's water distribution supply system and/or sanitary sewage collection and treatment system.
- 1.5 Utility Commitments will not be issued for more than one (1) year. However, an Applicant may reapply for up to one (1) more year after the initial one (1) year term expires. Approval of the reapplication will be at the Board's sole discretion.
- 1.6 Construction plans and specifications for all water, sanitary sewer, and stormwater drainage improvements to be constructed by the Applicant shall be prepared by the District's Engineer at the sole expense of the Applicant. Such plans shall be prepared in accordance with the design and planning standards of the City of Conroe, Texas (the "City") (regardless of whether or not the City reviews or approves, or has the authority to review or approve, such construction plans and specifications), Montgomery County Engineering Department, and the Texas Commission on Environmental Quality (the "Commission").
- 1.7 The District reserves the right, at any time after review of completed construction plans and plat for the Applicant's Development, to reallocate surplus water and sanitary sewer capacity which, in the District's sole judgment, is not required by such Development, to other customers of the District.
- 1.8 Applicants for service are hereby notified that the District is subject to regulation by various local, state and federal authorities and cannot exercise independent control over all activities and actions regarding the provision of water and sanitary

sewer service to the Development. Utility Commitments are issued subject to the actions and approvals of such authorities as provided by law.

- 1.9 No construction may begin on any improvements until Applicant's construction drawings have been presented to the District for approval by the District's Engineer and all necessary governmental agency permits and plan approvals have been obtained.
- 1.10 Construction must begin prior to the expiration date contained in the Utility Commitment and diligently pursued thereafter.
- 1.11 All tracts of land receiving service must be properly platted through Montgomery County and other appropriate agencies prior to utility service being provided by the District.
- 1.12 Applicant must make arrangements to extend the necessary trunk water, sanitary sewer and drainage facilities to serve Applicant's Development in areas where such facilities do not exist. All temporary and permanent arrangements for sewer and water service must be established in advance of construction by the District's Engineer.
- 1.13 Applicant, at its sole cost, must convey all necessary easements, sites and rights-of-way to the District with all lienholder subordination.
- 1.14 All utility lines constructed that are not in permanent acceptable easements, or which lie within private developments (apartments, condominiums, etc.) will remain the permanent property of the landowner and shall remain such owner's permanent maintenance responsibility.
- 1.15 Applicant shall furnish a statement of the estimated value of the proposed Development as a part of the initial Application, broken down by land value and improvements. Such statement of the estimated value shall be prepared by the District's Engineer at the sole expense of the Applicant. A statement will also be required as to whether all or any part of the Development will be eligible for or will apply for an exemption from ad valorem taxes. The District reserves the right to refuse or terminate service to any Development that is eligible for, applies for or obtains an exemption from ad valorem taxation unless such entity executed an agreement with the District relating to payment of capital costs or a payment in lieu of taxes.
- 1.16 Any change of utilization to the previously-approved use of the Development covered by this Application must be approved by the District.
- 1.17 Each Development receiving service shall be billed by the District in accordance with the then-current District's Rate Order or an out-of-District service agreement, or both, as may be necessary.

**Section 2. Requests for Annexation.** In addition to the prerequisites stated in Section 1 above, the following requirements are specifically applicable to requests for annexation:

- 2.1 Any party seeking annexation into the District, whether or not the Applicant is currently seeking water and sanitary sewer service, shall be required to submit an Application to the Board for its consideration.
- 2.2 The following uses shall not be included, constructed or developed on the tract proposed for annexation: manufactured home/trailer/recreational vehicle park; dumping, disposal, incineration or reduction of garbage, refuse, or waste; junkyard/salvage yard; heavy industrial processing or manufacturing business; auction house operation; used car lot; flea market; waste material business; light industrial processing or manufacturing facility; sexually-oriented business or a business that sells sexually-oriented material.
- 2.3 A feasibility and cost study, which includes a current legal description and survey, shall be prepared by the District's Engineer. The District's Engineer, with the assistance of the District's Financial Advisor, shall also determine whether there are sufficient authorized and unissued bonds available to fund the construction and/or purchase of the facilities needed to serve the Development, as further described in Section 3 below.
- 2.4 If, after the feasibility and cost study is prepared, there are any changes to the plans for the Development, the District will require the preparation of a new feasibility and cost study to correspond with the new plans at the sole expense of the Applicant.
- 2.5 If the District agrees to pursue annexation of the Development, Applicant and the District shall execute an agreement for annexation ("Annexation Agreement") stating the terms of annexation, including whether it will be necessary to seek authorization from the voters of the District to issue unlimited tax bonds. If such bond election is required, Applicant may be required to incur the cost of same. Applicant will be required to pay for the costs of annexation, including engineering, surveying, legal, and financial advisory fees. Accordingly, upon the execution of the Annexation Agreement and/or before the District will proceed with the annexation review, Applicant will be required to deposit an amount, as estimated by the District's Engineer, expected to be commensurate with the work necessary to complete the annexation and any supplemental deposits that may be required.
- 2.6 The terms of the Annexation Agreement will include a provision requiring the Applicant to agree that if the Development does not legally become subject to the District's taxing authority by January 1 of the year following the date of the Annexation Agreement (the "Initial Tax Year"), then the Applicant will begin to make annual payments to the District on or before February 1 of each and every year following the Initial Tax Year and continuing thereafter until the Development becomes subject to the District's taxing authority, in amounts equal to the taxes that

would have been levied by the District against the Development for the Initial Tax Year.

- 2.7 Applicant is required to provide to the District a copy of its deed showing Applicant's current ownership of the property referenced in the Application. If there are liens on the property, then Applicant is required to provide written consent to the annexation by such lienholders to the District along with Applicant's Petition for Addition of Land.
- 2.8 Applicant is required to submit a title report on Applicant's property within thirty (30) days of the proposed filing date of the Petition of Addition of Land, and such title report shall not have been issued for more than thirty (30) days.
- 2.9 Applicant is required to submit a certified metes and bounds description and boundary map of the property prepared within thirty (30) days of the proposed filing date of the Petition of Addition of Land. Such description and boundary map shall be prepared by the District's Engineer at the sole cost of the Applicant. Such description and boundary map shall be sealed by a registered professional surveyor in the State of Texas and shall state the exact acreage and boundaries of the property.
- 2.10 Applicant is required to submit a land use plan or site plan ("Site Plan") for the Board's approval prior to the execution of the Annexation Agreement. The Board shall in its sole discretion approve or disapprove the Site Plan and utility layout. Failure to have a Site Plan or a change in any Site Plan approved by the Board shall be cause for the District to: (a) not approve final annexation; (b) deny or terminate service to the Development; and/or (c) not provide reimbursement of any Reimbursable Share (defined herein) pursuant to any Reimbursement Agreement (defined herein).
- 2.11 Applicant is required to submit a Petition for Addition of Land prepared by the District's Attorney. A Petition for Consent to Addition of Land from the District to the City of Conroe shall also be prepared by the District's Attorney and executed by Applicant. Applicant acknowledges the City's review and consent may take up to six (6) months.
- 2.12 All costs of annexation, including attorney's fees, engineering fees, and any and all other fees relating to said annexation, shall be paid by the Applicant with advance deposits being made by Applicant upon request by the District.
- 2.13 All costs relating to providing service to the Development, including without limitation, construction of required water and sewer lines, lift stations, etc. (the "Facilities"), must be borne by Applicant unless otherwise agreed by the District.
- 2.14 The Applicant that does not seek reimbursement for the cost of constructing the Facilities shall be required to transfer title of the Facilities to the District at the time designated by the District.

- 2.15 The Applicant shall be required to take all of its water supply and sanitary sewer capacity from the District's water supply and sanitary sewer systems, and no water wells or septic systems shall be permitted on the annexed Development. Accordingly, before the Applicant connects the annexed Development to the District's systems, any water wells and septic systems located on the Development must be permanently sealed pursuant to procedures established by the District and any other entities having jurisdiction.

**Section 3. Developer Reimbursement.** Should Applicant desire to be reimbursed for the cost of constructing the Facilities to serve the Development, including the cost of labor, equipment, materials, supplies, engineering, design, and inspections (the "Construction Costs") and the District agrees to purchase such Facilities, then Applicant and the District shall enter into a Water, Sewer, and Drainage Facilities Reimbursement Agreement (the "Reimbursement Agreement"). **All reimbursement amounts are subject to review and approval by the Commission.** Applicant shall be required to assign title of the Facilities to the District pursuant to the terms of the Reimbursement Agreement or as required by the rules of the Commission. The following terms, conditions and policies shall apply to all Reimbursement Agreements unless otherwise provided:

- 3.1 Applicant shall submit a Site Plan to the District for the Board's approval. The approved Site Plan shall be attached as an exhibit to the Reimbursement Agreement.
- 3.2 Should it be determined during the feasibility study that the District does not have sufficient authorized and unissued bonds available to reimburse the Applicant, then prior to entering into a Reimbursement Agreement, the Board may call a bond election, which may be at the sole expense of the Applicant if such Applicant is requesting annexation, to allow the voters of the District to authorize additional bonds. If the bond election is approved by the voters, the Board and Applicant will proceed with the Reimbursement Agreement.
- 3.3 All costs to provide service to a Development shall be paid by an Applicant pursuant to the Reimbursement Agreement. The District will reimburse Applicant up to one-hundred percent (100%) of the Construction Costs that are eligible for reimbursement according to the then current regulations of the Commission, subject to the terms set forth herein and in Applicant's Reimbursement Agreement.
- 3.4 The amount to be reimbursed to Applicant for Construction Costs associated with the Development (the "Reimbursable Share") shall not exceed the amount which is self-supporting. To be self-supporting, the Reimbursable Share must be supported by the Development's taxable assessed value at the District's debt service tax rate at the time of reimbursement or the debt service tax rate approved by the Commission, if lower.
- 3.5 "Self-supporting" means that the estimated taxable value of the Development subject to reimbursement shall be sufficient to amortize the debt service payments on a bond issue in an amount equal to the amount of reimbursement due and payable



to the Developer, plus the Development's pro rata share of all associated costs, fees, and expenses of issuing the bonds, including, but not limited, to professional fees, capitalized interest, and contingencies, with a bond structure as applied for by the District to the Commission, at an interest rate estimated by the District's Financial Advisor and at a debt service tax rate, as described in Section 3.3 above, not to exceed a debt service tax rate in effect at the time a Reimbursement Agreement is executed. The District shall determine, in its sole discretion, when a Development is self-supporting.

- 3.6 The assessed value of the Development shall support the costs associated with providing water, sewer and drainage capacity to the Development, including all of the on-site facilities and some or all of the off-site facilities required to serve the Development, as determined by the Board on a case-by-case basis. Notwithstanding, if the Applicant's Development is already located within the District at the time of Application, then water production and storage facilities and wastewater treatment facilities will not be included in such calculation. The District will perform the calculations needed to determine Applicant's share of such applicable costs.
- 3.7 The District reserves the right to require any Applicant that is requesting annexation to: (a) pre-finance expansion of major District water production and storage facilities and/or wastewater treatment facilities if such facilities are necessary to serve the Development; (b) pay a pro-rata share of the capital cost of the District's existing major facilities or system costs; or (c) include any such costs as a portion of the Reimbursable Share (for purposes of calculation only) in calculating whether a Development is self-supporting.
- 3.8 "Taxable value" means the taxable valuation based upon the most recent certified tax roll available by applying such valuations to the property and all improvements to the property within the Development, then-existing or as may be reasonably projected by the District using data obtained from the Applicant, the District's Tax Assessor/Collector, Financial Advisor, Operator, Engineer, and the builders constructing homes on the property to determine the value of the lots plus all additional value for any improvements, such as houses or commercial buildings, on the property at such time, less any applicable exemptions.
- 3.9 The Reimbursable Share will not be included in a District's application for the issuance of bonds until the construction of the Facilities and the paving improvements are complete, the District's Engineer has reported such to the Board, and the Board has authorized the application.
- 3.10 Bonds that are to be issued for the purpose of reimbursing Applicant shall not be sold until a minimum of fifty percent (50%) of the taxable value required to become self-supporting has been constructed within the Development. Reimbursement may be phased as Development is phased.

- 3.11 Payment of the Reimbursable Share from the bond proceeds to the Applicant shall not be made until the Reimbursable Share is determined to be fully self-supporting by the Board, with advice from the District's Engineer and Financial Advisor, all requirements or reimbursement imposed by the Commission have been satisfied, and the reimbursement audit has been approved by the Board.
- 3.12 Notwithstanding the aforementioned funding requirements, Applicant may obtain payment of the Reimbursable Share at a time earlier than prescribed by Sections 3.9 through 3.11 above by electing to receive a Reimbursable Share that is less than one hundred percent (100%) of the Construction Costs. If the Applicant elects to receive less than 100% reimbursement for the Construction Costs, then such Applicant shall be required to execute a letter agreement with the District regarding such election, and the Board shall, in its sole discretion, determine when bonds shall be sold within the guidelines imposed by the Commission.

**Section 4. Reservation of Rights.** The District reserves the right to amend, alter or waive any of the aforementioned policies, procedures, terms and conditions if, after consultation with the District's Consultants, the Board determines it would be in the best interest of the District's existing taxpayers, residents and customers to do so; provided however, any change the District makes will not affect any previously executed Reimbursement Agreements.

**FAR HILLS UTILITY DISTRICT**  
**APPLICATION FOR SERVICE/ANNEXATION**

Type of Application:        \_\_\_\_\_ Residential        \_\_\_\_\_ Commercial

Name of Applicant: \_\_\_\_\_

Address: \_\_\_\_\_

Type of Applicant: \_\_\_\_\_

Type of Service Requested:    \_\_\_\_\_ In District        \_\_\_\_\_ Out of District  
   \_\_\_\_\_ Water        \_\_\_\_\_ Wastewater        \_\_\_\_\_ Annexation

Estimated date construction to begin: \_\_\_\_\_

Proposed acreage in development: \_\_\_\_\_

Estimated taxable value:    \$ \_\_\_\_\_ Land        \$ \_\_\_\_\_ Improvements

Will a tax exemption for all or any part of the property be sought?    \_\_\_\_\_ Yes    \_\_\_\_\_ No

If yes, explain: \_\_\_\_\_

\_\_\_\_\_

Type of wastewater to be put in system: \_\_\_\_\_

Wastewater/water capacity required: \_\_\_\_\_

Name and address of title holder to referenced property: \_\_\_\_\_

**Applicant agrees that it shall notify the District if any of the above information should change during the Application process. The District reserves the right to deny or terminate service if any information in this application or submitted in connection with an Application is false, misleading or incomplete. Applicant agrees to the terms of the District's Policy, including the obligation to reimburse the District for costs and expenses incurred in the processing of the Application.**

Signature of Applicant: \_\_\_\_\_ Date: \_\_\_\_\_

Signature of Owner: \_\_\_\_\_ Date: \_\_\_\_\_

**Please attach a small map to the Application indicating proposed location of project and boundaries of subject tract**

**FOR DISTRICT USE ONLY:**

Deposit Collected: \_\_\_\_\_ \$ \_\_\_\_\_ feasibility \_\_\_\_\_ Additional Deposits

Operator's recommendation: \_\_\_\_\_

Engineer's recommendation: \_\_\_\_\_

Is annexation required? \_\_\_\_\_ \$ \_\_\_\_\_ annexation \_\_\_\_\_ Additional Deposits

Amount of service recommended: \_\_\_\_\_

Tap fee required: \_\_\_\_\_ Tap fee paid: \_\_\_\_\_

Meet Rate Order manhole requirements? \_\_\_\_\_ Waiver of liability? \_\_\_\_\_ Install grinder? \_\_\_\_\_

Additional considerations: \_\_\_\_\_