

**FAR HILLS UTILITY DISTRICT**  
**MINUTES OF BOARD OF DIRECTORS MEETING**

**May 12, 2022**

The Board of Directors (the "Board") of Far Hills Utility District (the "District") met in regular session, open to the public, at the District's office, 10320 Cude Cemetery Road, Willis, Texas 77318, located within the boundaries of the District, on Thursday, May 12, 2022 at 5:00 p.m., pursuant to the notice of said meeting, whereupon, the roll was called of the members of the Board, to-wit:

James M. Haymon	President
Christopher A. 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. Consultants in attendance were: Ms. Regina D. Adams and Ms. Sholeh Abedinzadeh (via teleconference), attorneys, and Ms. Raechel Rodriguez (via teleconference), legal assistant, of Radcliffe Bobbitt Adams Polley PLLC ("RBAP"), attorney for the District; Mr. Mark Ivy and Ms. Erica Mireles of M. Marlon Ivy & Associates, Inc. ("MMIA" or the "Operator"), operator for the District; Mr. Tim Hardin, P.E. of Langford Engineering, Inc. ("Langford" or the "Engineer"), engineer for the District; Mr. Bill Blitch of Blitch & Associates, financial advisor for the District; Mr. Michael Others of McCall Gibson Swedlund Barfoot PLLC (the "Auditor" or "MGSB"), auditor for the District; and Mr. Terry Holland of Myrtle Cruz, Inc. (the "Bookkeeper"), bookkeeper for the District. Also in attendance were: Messrs. Kevin Lacy and Chuck Williams, members of the Board of Directors of Montgomery County Utility District No. 2 ("UD No. 2"); and Mrs. Jean Haymon, a District resident.

The President, after finding that notice of the meeting was posted and determining that a quorum of the Board was present, called the meeting to order at 5:04 p.m., and declared it open for such business as may come before the Board.

1. **Public Comment.** There was no public comment.
2. **Review proposed emergency water interconnect matters with UD No. 2 representatives.** Director Cutler presented to and reviewed with the Board and Messrs. Lacy and Williams a list of proposed terms related to the proposed emergency water interconnect between the District and UD No. 2, a copy of which is attached hereto. A discussion ensued regarding the desired location of the water lines being in the right-of-way or within easements. Mr. Lacy stated that the interconnect is in UD No. 2's strategic plan but had not been a priority due to cost and that UD No. 2 has now prioritized the interconnect and added it to its active capital plan. Director Haymon noted that the District would be willing to operate the interconnect meter while splitting the costs of operations/maintenance with UD No. 2.

In response to a question, Mr. Lacy stated UD No. 2's water system is not yet at capacity and will also have to abandon its Water Well No. 2 in the future. A discussion ensued regarding the District's Catahoula well.

Mr. Hardin noted that preliminary engineering reports and water testing will need to be prepared and submitted to Texas Commission on Environmental Quality ("TCEQ") for approval. An extensive discussion ensued regarding general operations of an emergency interconnect, including flushing, meters, capacities, waterline sizing and contract negotiation. Mr. Lacy noted UD No. 2 would pay half of the costs of engineering reports and sampling.

Upon motion by Director Kuhl, seconded by Director Bock, after full discussion and with all Directors present voting aye, the Board voted unanimously to authorize LEI to work with UD No. 2's engineer to determine which firm would perform the preliminary analysis.

Upon motion by Director Haymon, seconded by Director Kuhl, after full discussion and with all Directors present voting aye, the Board voted unanimously to appoint Directors Haymon and Cutler to the interconnect committee.

Messrs. Lacy and Williams exited the meeting at this time.

3. **Minutes.** The Board considered approval of the special meeting minutes of April 5, 2022 and regular meeting minutes of April 14, 2022. Upon motion by Director Bock, seconded by Director Kuhl, after full discussion and with all Directors present voting aye, the Board voted unanimously to approve the special meeting minutes of April 5, 2022 and regular meeting minutes of April 14, 2022, as presented.

4. **Review and Approve Fiscal Year Ended ("FYE") December 31, 2021 Audit (the "2021 Audit").** Mr. Others presented a draft of the District's 2021 Audit, a copy of which is attached hereto. Mr. Others also reviewed with the Board the Letter of Representation, a copy of which is also attached hereto. Upon motion by Director Kuhl, seconded by Director Cutler, after full discussion and with all Directors voting aye, the Board approved the 2021 Audit, subject to revisions.

5. **Authorize Preparation and submittal of Continuing Disclosure Report.** The Board then discussed authorizing the filing of the District's 2021 Audit with the TCEQ, as required by same. Ms. Adams explained that the District also has an obligation to update, on an annual basis, certain financial information contained in the District's Orders Authorizing Issuance of Bonds, which information will serve to keep bondholders and other interested parties apprised of the financial strength and condition of the District, and requested the Board's authorization to prepare and file such materials with the appropriate agencies, as well as the TCEQ. Upon motion by Director Kuhl, seconded by Director Cutler, after full discussion and with all Directors voting aye, the Board authorized the filing of the 2021 Audit required continuing disclosure materials with the appropriate agencies, including the TCEQ, as necessary.

6. **Adopt Order Regarding Annual Review of Rules, Policies and Code of Ethics for Investment of District Funds (the "Investment Policy").** Ms. Adams then reviewed with the Board the Order Regarding Annual Review of the Investment Policy (the "Investment Policy Order"). Ms. Adams then reported that the authorized broker list, which is required pursuant to

the Texas Public Funds Investment Act and the Investment Policy, has been updated. Upon motion by Director Cutler, seconded by Director Shelly, and after full discussion and with all Directors present voting aye, the Board approved the Investment Policy Order, including amending the broker list, a copy of which is attached hereto.

7. **Tax Assessor/Collector's Report.** There was no report to present at this time.

8. **Status of preparation of Bond Application Report ("BAR").** Mr. Blitch reviewed with the Board the historical general fund and the debt service fund data. Mr. Blitch recommended including 5.5% capitalized interest in the BAR in case it is necessary.

Mr. Blitch exited the meeting at this time.

9. **Bookkeeper's Report.** Mr. Holland presented the Bookkeeper's Report, including the Investment Report, Budget Summary, Energy Usage Report and Billing/Collection Report, copies of which are attached hereto.

Mr. Holland then reported that he has not yet received a response to the correspondence sent to Entergy in connection with the District's lack of receipt of an electricity bill for the Water Plant for an extended period of time.

Upon motion by Director Shelly, seconded by Director Cutler, after full discussion and with all Directors present voting aye, the Board voted unanimously to: 1) approve the Bookkeeper's Report, as presented; and 2) authorize payment of the bills reflected therein.

10. **Engineer's Report.** Mr. Hardin then reviewed the Engineer's Report, a copy of which is attached hereto.

Regarding the status of development of the remaining acreage owned by FQ/LB, L.P. in the French Quarter and Lake Breeze subdivisions, Mr. Hardin reported that construction is underway and C.E. Barker, Ltd. ("C.E. Barker"), the contractor for same, completed underground water, sewer and the first stage of drainage utilities.

Mr. Hardin informed the Board that, regarding the Ground Storage Tank ("GST") No. 2 ("GST 2") Rehabilitation Project, the interior rehabilitation work was completed. Mr. Hardin then reported that the steel plate floor was completed, but that LEI does anticipate the floor will require attention at the next five (5)-year inspection period. Mr. Hardin recommended the District consider repairs or replacement of the bolted steel plate floor or installation of a four inch (4") concrete floor over the existing steel, which was what the District did with the GST No. 1 Rehabilitation Project.

An extensive discussion ensued regarding replacement of the ladder in GST No. 2. The Board then reviewed a proposal from Texas Aquastore, Inc. for replacement of such ladder, a copy of which is attached hereto. It was the consensus of the Board to not replace the ladder at this time but reassess the need for such replacement in one (1) year.

Mr. Hardin next reported that surveys of sections of the Far Hills and Hawthorne Ridge subdivisions were underway for the Water Main Rehabilitation Project, and LEI anticipates

receipt of survey data by mid-May. Mr. Hardin stated LEI would proceed with design plans and construction documents upon receipt of such survey data.

Upon motion by Director Shelly, seconded by Director Cutler, after full discussion and with all Directors present voting aye, the Board voted unanimously to approve the Engineer's Report.

11. **Operations Report.** Mr. Ivy reviewed the Operations Report, a copy of which is attached hereto. Mr. Ivy reported that the District had 752 connections and a 97.04% water accountability ratio for the period ending April 20, 2022.

Mr. Ivy next presented to and reviewed with the Board a proposal from Source Point Solutions, LLC ("Source Point") in the amount of \$31,460.00 for cleaning the Wastewater Treatment Plant ("STP") clarifier and aeration basins. A discussion ensued. Mr. Ivy and Mr. Hardin reviewed the cleaning process and noted the proposal is only an estimate and the actual cost could be more.

Mr. Ivy also noted that MMIA has prepared the District's 2021 Consumer Confidence Report ("CCR"), and that it would be distributed in compliance with TCEQ regulations including inclusion on the District website.

Mr. Ivy next reported MMIA would purchase for the District the materials for the Water Plant cooling towers and will perform the repairs at its hourly rates.

Mr. Ivy then presented to and reviewed with the Board an analysis of electronic payment costs assessed since the District began accepting credit card payments. Mr. Ivy recommended the District absorb the electronic payment costs of approximately \$756.00 per month to entice customers to pay electronically.

Mr. Hardin exited the meeting at this time.

Upon motion by Director Bock, seconded by Director Shelly, after full discussion and with all Directors present voting aye, the Board voted unanimously to: 1) approve the Operations Report; 2) authorize termination of service to delinquent accounts in accordance with the provisions of the District's Rate Order; 3) accept the proposal from Source Point for the cleaning of the STP basins; 4) authorize distribution of the 2021 CCR; and 5) authorize MMIA to acquire materials for and perform repairs to the Water Plant cooling towers.

12. **Adopt Resolution Nominating San Jacinto River Authority ("SJRA") Review Committee Representative.** Ms. Adams reviewed with the Board correspondence from SJRA and asked if the Board was interested in nominating a representative to the SJRA Review Committee, a copy of which is attached hereto. It was the consensus of the Board not to nominate a representative at this time.

13. **General maintenance of District Administration Building.** There was nothing to report at this time. Director Haymon asked the other Directors if they wanted to change the internet provider to Tachus Fiber Internet. A discussion ensued regarding such possible change.

14. **General District facility landscape matters.** Director Cutler provided an update on the oleander transplants and noted the fifth (5<sup>th</sup>) week cutting had been completed.

15. **Attorney's Report.** There was nothing to report at this time.

**Adjournment.** There being no further business to come before the Board, the meeting was adjourned at 7:04 p.m.

Passed and approved this 9<sup>th</sup> day of June, 2022.



  
Secretary, Board of Directors