

FAR HILLS UTILITY DISTRICT
MINUTES OF BOARD OF DIRECTORS MEETING

June 9, 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, June 9, 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 (via teleconference) and Ms. Sholeh Abedinzadeh, attorneys, and Ms. Raechel Rodriguez (via teleconference), legal assistant, of Radcliffe Bobbitt Adams Polley PLLC ("RBAP"), attorney for the District; Mr. Mark Ivy 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 Blich of Blich & Associates, financial advisor for the District; and Mr. Terry Holland of Myrtle Cruz, Inc. (the "Bookkeeper"), bookkeeper for the District.

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 5:01 p.m., and declared it open for such business as may come before the Board.

1. **Public Comment.** There was no public comment.
2. **Minutes.** The Board considered approval of the regular meeting minutes of May 12, 2022. Upon motion by Director Cutler, seconded by Director Shelly, after full discussion and with all Directors present voting aye, the Board voted unanimously to approve the regular meeting minutes of May 12, 2022, as presented.
3. **Tax Assessor/Collector's Report.** On behalf of the Montgomery County Tax Assessor/Collector, Ms. Tammy McRae, the District's tax assessor/collector, Mr. Holland reviewed with the Board the Tax Assessor/Collector's Report for the month of May, a copy of which is attached hereto. Mr. Holland reported that 97.96% of the 2021 taxes had been collected as of April 30, 2022. Ms. Abedinzadeh reviewed with the Board the Delinquent Tax Attorney Report, a copy of which is attached hereto. Upon motion by Director Kuhl, seconded by Director Shelly, after full discussion and with all Directors present voting aye, the Board voted unanimously to accept the Tax Assessor/Collector's Report.

4. **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 noted an advance check for \$1,000.00 for the Association of Water Board Directors Conference. In response to a question from Director Bock, Mr. Holland stated that the quarterly assessment payment to Montgomery Central Appraisal District ("MCAD") was for the District's pro-rata share of MCAD's budget whose purpose is to conduct tax appraisals of properties in the District.

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.

5. **Authorize filing of Texas Unclaimed Property Report, if necessary.** Mr. Holland requested authorization to submit the Texas Unclaimed Property Report and escheat \$1,000.00 to the State of Texas. Upon motion by Director Kuhl, seconded by Director Shelly, after full discussion and with all Directors present voting aye, the Board voted unanimously to authorize the Bookkeeper to file the Texas Unclaimed Property Report.

6. **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 was underway and C.E. Barker, Ltd., the contractor for same, completed underground water, sewer and the first stage of drainage utilities. Mr. Hardin noted that the dry utilities were anticipated to be installed in the upcoming months and final inspections and testing of District facilities will be scheduled in the weeks following.

Mr. Hardin informed the Board that, regarding the Ground Storage Tank ("GST") No. 2 ("GST 2") Rehabilitation Project, the interior rehabilitation work was completed and the GST No. 2 would be in service soon.

Mr. Hardin next reported that the surveys of the Far Hills and Hawthorne Ridge subdivisions were completed and received. Mr. Hardin noted that final design and plan production was underway and expected to be received within 60 days.

Mr. Hardin went on to report that Langford received a summary analysis of water plant component capacities for Montgomery County Utility District No. 2 ("MCUD No. 2") and prepared such analysis of the District's capacities, copies of which were attached to the Engineer's Report. Mr. Hardin noted that although deficiencies in the minimum capacities to provide full-time service exist, it may not preclude emergency services being available under an emergency interconnect scenario and, with approval by both Districts, Langford would proceed with additional system analysis and submission of an application to the Texas Commission on Environmental Quality ("TCEQ") for approval of an emergency interconnect.

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

7. **Status of preparation of Bond Application Report ("BAR").** Mr. Hardin reported that Langford has completed and submitted to the Financial Advisor the calculations, including all developer costs, and recommended applying to the TCEQ to authorize the issuance of bonds in the amount of \$7,980,000.00. Mr. Blitch agreed with such recommendation and he and Mr. Hardin reviewed with the Board the draft BAR, a copy of which is attached hereto. Mr. Hardin recommended Board approval of the BAR. Mr. Blitch noted that 95% of the bonds, if sold, would need to be used within the three (3)-year temporary period under the Internal Revenue Code.

Mr. Blitch exited the meeting at this time.

8. **Operations Report.** Mr. Ivy reviewed the Operations Report, a copy of which is attached hereto. Mr. Ivy reported that the District had 760 connections and a 97.66% water accountability ratio for the period ending May 20, 2022.

Mr. Ivy noted that a notice of violation was received from the TCEQ.

Mr. Ivy went on to report that subcontractors of Tachus, a fiber internet provider, has broken the District's water main lines in eight (8) places. Mr. Ivy stated that two (2) subcontractors has been cooperative regarding such damages, but that one (1) subcontractor has been uncooperative. Attached hereto are copies of the invoices for repairs to and pictures of the damages. In response to a question, Mr. Ivy stated that MMIA has repaired the damages to the District's water main lines and then has billed the District, but that the District typically recoups such costs from the contractor. An extensive discussion ensued regarding how the District should proceed with recouping the costs for the damages to the District's water main lines. Mr. Ivy stated that MMIA would, on behalf of the District, invoice Tachus for the damages caused by its subcontractor. Mr. Ivy noted that the water main lines were located prior to construction commencing.

Mr. Ivy then reviewed with the Board the amendment to the Merchant Card Processing Agreement with Pace Payment Systems ("Pace"), a copy of which is attached hereto. Mr. Ivy stated that the District could save approximately \$20,000.00 per year if all customers of the District paid their water bills electronically and recommended the District absorb the costs associated with electronic payments.

Upon motion by Director Kuhl, 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; and 3) approve the amendment to the Merchant Card Processing Agreement with Pace, subject to RBAP review.

9. **Adopt Resolution Authorizing Use of Surplus Capital Project Funds ("Surplus Funds Resolution") for the cleaning of the District's Wastewater Treatment Plant ("STP") clarifier and aeration basins (the "STP Project").** Ms. Abedinzadeh reviewed with the Board the Surplus Funds Resolution, a copy of which is attached hereto, and noted that the final costs for the STP Project was still needed from Langford and MMIA. Upon motion by Director Bock, seconded by Director Kuhl, after full discussion and with all Directors present voting aye, the Board voted unanimously to adopt the Surplus Funds Resolution.

10. **Adopt Resolution for Amended Policies, Procedures and Application for Water and Sewer Service, Annexation and/or Developer Reimbursement ("Development Policy").** Ms. Abedinzadeh reviewed with the Board the proposed amendments to the Development Policy, a copy of which is attached hereto. Mr. Hardin further reported that Texas Holdings Trust, LLC has not paid the additional deposit funds for the feasibility study prepared at its request. Mr. Hardin then recommended the Board amend its Development Policy to reflect that the deposit for the work to be performed under the Development Policy be commensurate with the work to be performed by District consultants. Upon motion by Director Kuhl, seconded by Director Shelly, after full discussion and with all Directors present voting aye, the Board voted unanimously to adopt the amended Development Policy.

11. **General maintenance of District Administration Building.** Director Haymon reported that the doors to the District Administration Building are rusted. Upon motion by Director Kuhl, seconded by Director Shelly, after full discussion and with all Directors present voting aye, the Board voted unanimously to authorize Langford to pursue repairs of the rusted doors for a cost not to exceed \$3,000.00.


12. **General District facility landscape matters.** There was nothing to report at this time.

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

Adjournment. There being no further business to come before the Board, and upon motion by Director Bock, seconded by Director Kuhl, after full discussion and with all Directors present voting aye, the Board voted unanimously to adjourn the meeting at 6:11 p.m.

Passed and approved this 14th day of July, 2022.




Secretary, Board of Directors