

FAR HILLS UTILITY DISTRICT
MINUTES OF BOARD OF DIRECTORS MEETING

July 14, 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, July 14, 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; 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 5:06 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 June 9, 2022. 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 regular meeting minutes of June 9, 2022, as presented.
3. **Tax Assessor/Collector's Report.** On behalf of the Montgomery County (the "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 June, a copy of which is attached hereto. Ms. Adams noted that correspondence was received from Montgomery Central Appraisal District notifying the District of delays in certification of the 2022 appraisal roll. Mr. Holland reported that 98.5% of the 2021 taxes had been collected as of June 30, 2022. Upon motion by Director Kuhl, seconded by Director Cutler, 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.

Upon motion by Director Kuhl, seconded by Director Bock, 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. **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. ("FQ/LB") in the French Quarter and Lake Breeze subdivisions, Mr. Hardin reported that construction was completed and noted that the dry utilities were anticipated to be installed in the upcoming months and final inspections and testing of District facilities was ongoing. Mr. Hardin then presented to the Board the following Pay Applications ("PA") from C.E. Barker, Ltd., the contractor for such project: 1) PA No. 4 in the amount of \$93,261.38; 2) PA No. 5 in the amount of \$364,164.20; and 3) PA No. 6 in the amount of \$195,296.53, all of which were approved by LEI and FQ/LB for payment.

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 still underway.

With regard to the status of the analysis of water plant component capacities for Montgomery County Utility District No. 2 ("MCUD No. 2"), Mr. Hardin stated that preliminary engineering was still ongoing. Mr. Hardin asked the Board if it had further considered the interconnect agreement with MCUD No. 2. A discussion ensued regarding the potential terms and structure of such agreement. It was the consensus of the Board to have RBAP prepare the interconnect agreement for the Board's review prior to providing same to MCUD No. 2.

Mr. Hardin then reported that the Texas Trust Holdings, LLC deposit for the preparation of the feasibility study for the development of a 47.354-acre tract of land (the "Walker Tract") has not been replenished.

6. **Status of preparation of Bond Application Report ("BAR").** Mr. Hardin reported that LEI is in the process of completing the BAR in the amount of \$7,980,000.00 to include: 1) reimbursement to developers for Clear View Estates and Lake Breeze, Section 3; 2) other various District projects that were pre-funded by the developers; and 3) proposed District projects such as: a) Water Well No. 7, b) water main replacements in Far Hills and Hawthorne Ridge subdivisions, and c) potential emergency interconnect with MCUD No. 2. Mr. Hardin stated that LEI is awaiting approval from Texas Commissioner on Environmental Quality ("TCEQ") of the return flow analysis to the Wastewater Treatment Plant ("STP") in order to complete the BAR and that the draft BAR would be distributed to consultants for review upon receipt of such approval.

Upon motion by Director Kuhl, seconded by Director Shelly, after full discussion and with all Directors present voting aye, the Board voted unanimously to approve the Engineer's Report and approve PA Nos. 4, 5 and 6 from CE Barker, Ltd., totaling \$652,722.11.

7. **Operations Report.** Mr. Ivy reviewed the Operations Report, a copy of which is attached hereto. Mr. Ivy reported that the District had 762 connections and a 97.53% water accountability ratio for the period ending June 21, 2022.

Mr. Ivy then reviewed with the Board a Notice of Enforcement from the TCEQ regarding a sanitary sewer manhole that had allegedly overflowed twice. Mr. Ivy noted that the TCEQ will not disclose information regarding the complainant and/or when the alleged incident(s) occurred. Mr. Ivy reported that MMIA had not received any complaints regarding this matter and therefore had no way to rectify the alleged issue(s) prior to TCEQ issuing the enforcement action. Mr. Ivy stated that a Notice of Enforcement could result in a fine to the District.

Mr. Ivy recommended raising the sanitary sewer manhole to potentially prevent future overflow(s). An extensive discussion ensued regarding the TCEQ's process for investigating violations and issuing enforcement actions. Mr. Ivy stated he would request a meeting with TCEQ regarding the matter.

Mr. Ivy went on to report that cleaning of the STP clarifier and aeration basins was completed. Mr. Ivy further reported that LEI inspected the STP and would prepare a memorandum regarding the minor repairs needed.

Mr. Ivy noted that MMIA still has not received some parts for the repairs to the water cooling tower.

Upon motion by Director Cutler, seconded by Director Shelly, after full discussion and with all Directors present voting aye, the Board voted unanimously to: 1) approve the Operations Report; and 2) authorize termination of service to delinquent accounts in accordance with the provisions of the District's Rate Order.

8. **General maintenance of District Administration Building.** Mr. Ivy reported that MMIA was working to paint and sand the door frames. Director Haymon requested the fence at the District Administration Building be painted. 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 MMIA to obtain proposals for fence painting.

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

10. **Authorize attendance at Association of Water Board Directors ("AWBD") Fall Seminar and Mid-Winter Conference.** The Board then discussed authorizing the Directors' attendance at the AWBD Fall Seminar on October 31, 2022 and Mid-Winter Conference in Austin, Texas on January 27-28, 2022. Upon motion by Director Kuhl, seconded by Director Shelly, and after full discussion with all Directors present voting aye, the Board voted unanimously to authorize the Director's attendance at the AWBD Fall Seminar and the Mid-Winter Conference.

11. **Attorney's Report.** Ms. Adams notified the Board of the scheduled post-issuance compliance training for tax compliance officers on September 24, 2022.

12. **Election Agenda.** The Board discussed the November 8, 2022 Directors Election (the "Election"). Ms. Adams noted that Directors Haymon, Kuhl and Bock are the incumbents.

The Board discussed appointment of a designated agent for the Election. Upon motion by Director Kuhl, seconded by Director Shelly, and after full discussion and with all Directors present voting aye, the Board appointed RBAP as the District's designated agent for the Election.

Ms. Adams stated that the District would be required to post the Notice of Deadline to File an Application for a Place on the Ballot for the Election at the District's building and on the District's website no later than July 23rd. Ms. Adams noted that the first day on which applications can be accepted is July 23, 2022, and the application deadline is 5:00 p.m., on Monday, August 22, 2022.

Ms. Adams then noted that the District would receive a Joint Elections Agreement (the "Election Agreement") from the County for the District's Election. Ms. Adams explained the purpose of the Election Agreement is to authorize the County to conduct the District's Election in conjunction with the County's election (the "Joint Election") unless the District's Election is cancelled. 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 and authorize execution of the Election Agreement, subject to receipt and review by RBAP.

Ms. Adams then reported that, if the District's Election is held, the District would be required to submit a sixty percent (60%) deposit to the County in connection with the administration of the Joint Election. 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 and authorize payment of the sixty percent (60%) deposit to the County, if necessary.

Adjournment. There being no further business to come before the Board, and upon motion by Director Kuhl, seconded by Director Shelly, after full discussion and with all Directors present voting aye, the Board voted unanimously to adjourn the meeting at 6:33 p.m.

Passed and approved this 11th day of August, 2022.




Secretary, Board of Directors