

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

**August 11, 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, August 11, 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, attorney, and Ms. Raechel Rodriguez (via teleconference), legal assistant, of Radcliffe Bobbitt Adams Polley PLLC ("RBAP"), attorney for the District; 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 5:07 p.m., and declared it open for such business as may come before the Board.

1. **Public Comment.** There was no public comment.
2. **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 July, a copy of which is attached hereto. Mr. Holland reported that 99.41% of the 2021 taxes had been collected as of July 31, 2022.
3. **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 reported that the WGB RV Park on the Lake ("WGB") quarterly invoice is past due. A discussion ensued regarding sending additional correspondence to WGB pursuant to the Out-of-District Water and Sanitary Sewer Services Agreement (the "WGB Agreement") and copy the purported current property owner regarding such unpaid invoice. Ms. Adams reminded

the Board that the District has yet to receive a request from WGB for the District's consent to assign the WGB Agreement to the purported current property owner.

Upon motion by Director Bock, seconded by Director Kuhl, 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.

Upon motion by Director Cutler, seconded by Director Shelly, after full discussion and with all Directors present voting aye, the Board voted unanimously to authorize RBAP to transmit the past due invoice to WGB as discussed.

4. **Minutes.** The Board considered approval of the regular meeting minutes of July 14, 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 July 14, 2022, as presented.

5. **Discuss District's status as a developed or developing district under Texas Tax Code.** Ms. Adams next reviewed the difference between a "developed" and "developing" district under Senate Bill 2 from the 86<sup>th</sup> Texas Legislature to help determine how the proposed tax rate calculations should be performed. Ms. Adams review the parameters and related development facts for the Board's determination regarding the District's status as an developed or developing District.

Upon motion by Director Cutler, seconded by Director Bock, after full discussion and with all Directors present voting aye, the Board determined the District would be classified as a developing district for tax rate calculation purposes.

6. **Discuss 2022 tax rate setting process, hear Financial Advisor's recommendation, authorize publication of proposed tax rate, and establish public hearing date regarding same.** Mr. Blich then distributed copies of the 2022 tax rate recommendation to the Board, a copy of which is attached hereto. Mr. Blich noted that there was a 9.97% increase in the District's assessed valuation from 2021 to 2022. After some discussion with the Board, Mr. Blich recommended a proposed total ad valorem tax rate of \$0.64 per \$100 assessed valuation, comprised of \$0.355 per \$100 assessed valuation for debt service purposes and \$0.285 per \$100 assessed valuation for operation and maintenance purposes.

Upon motion by Director Cutler, seconded by Director Bock, after full discussion and with all Directors present voting aye, the Board authorized the publication of the proposed 2022 tax rate of \$0.64 per \$100 assessed valuation consisting of \$0.355 per \$100 valuation for debt service purposes and \$0.285 per \$100 valuation for operation and maintenance purposes, in the *Courier of Montgomery County*.

Upon motion by Director Cutler, seconded by Director Bock, after full discussion and with all Directors present voting aye, the Board scheduled the public tax hearing to be held on September 8, 2022 at 5:00 p.m.

Mr. Holland and Mr. Blich exit the meeting at this time.

7. **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.

Regarding the status of the Wastewater Treatment Plan ("STP") repairs, Mr. Hardin reported that LEI had inspected the STP while portions were out of service and was working on an inspection report for the Board's review.

Mr. Hardin next reported that final design and plan production for the Far Hills and Hawthorne Ridge subdivisions water main replacement was underway and that such design and an updated opinion of project costs would be presented to the Board once available.

8. **Review proposed Emergency Water Interconnect Agreement with Montgomery County Utility District No. 2 ("MCUD No. 2").** Ms. Adams presented to and reviewed with the Board the proposed Emergency Water Interconnect Agreement with MCUD No. 2 (the "Interconnect Agreement"). An extensive discussion ensued regarding retail versus wholesale prices for emergency water services and potential future interconnects with other water districts. It was the consensus of the Board for the interconnect committees of both MCUD No. 2 and the District to review the Interconnect Agreement and provide comments to same at the September 8<sup>th</sup> Board meeting.

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 Engineer's Report.

9. **Adopt Resolution Authorizing Application to Texas Commission on Environmental Quality ("TCEQ") for Approval of Projects and Issuance of Bonds.** In connection with Bond Application Report ("BAR") No. 10, Ms. Adams presented a Resolution Authorizing Application to the TCEQ for Approval of Projects and Issuance of Bonds (the "BAR Resolution"). Mr. Hardin also reviewed the BAR project cost summary with the Board. 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 BAR Resolution, a copy of which is attached hereto.

10. **Operations Report.** Ms. Adams provided the Board an update on the Notice of Enforcement the District received from TCEQ and stated that the proposed Agreed Order had not yet been received.. Ms. Mireles reported that MMIA hired a compliance officer to assist with this matter. Ms. Mireles went on to report that MMIA submitted the corrective action to TCEQ.

Ms. Mireles reviewed the Operations Report, a copy of which is attached hereto. Ms. Mireles reported that the District had 762 connections and a 97.85% water accountability ratio for the period ending July 20, 2022.

Director Haymon requested Mr. Hardin inspect the sanitary sewer manhole at Cude Cemetery in Clear View Estates as it seemed to be covered.

Directors then noted that the MMIA invoice included rates for overtime although repairs were delayed to avoid charging overtime rates. Ms. Mireles stated MMIA would investigate this matter further. Directors then inquired regarding damages to District facilities caused by Tachus contractors and payment for repairs to same.

Ms. Mireles also 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 Kuhl, 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.

11. **General maintenance of District Administration Building.** Ms. Mireles then presented two (2) quotes for painting the fence at the Water Plant/Administration Building. After discussions regarding staining versus painting and the differences in what was bid, Ms. Mireles requested the Board table this matter until MMIA could obtain an updated bid with the correct specifications from Reimage Renovations.

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

13. **Attorney's Report.** Ms. Adams stated there was nothing to report at this time.

14. **Election Agenda.** The Board then discussed the November 8, 2022 Directors Election (the "Election") scheduled to be held jointly with Montgomery County, if necessary. Ms. Adams reminded the Board that Directors Haymon, Kuhl and Bock were the incumbents.

Ms. Adams then presented an Order Calling Directors Election for the Board's review. Upon motion by Director Kuhl, seconded by Director Cutler, after full discussion and with all Directors present voting aye, the Board adopted the Order Calling Directors Election, a copy of which is attached hereto. The Board then determined that the canvassing date, if necessary, would be November 17, 2022 at 9:00 a.m.

15. **Adjournment.** There being no further business to come before the Board, and upon motion by Director Bock, seconded by Director Cutler, after full discussion and with all Directors present voting aye, the Board voted unanimously to adjourn the meeting at 6:34 p.m.

Passed and approved this 8<sup>th</sup> day of September, 2022.



  
Secretary, Board of Directors