

FAR HILLS UTILITY DISTRICT
MINUTES OF BOARD OF DIRECTORS MEETING

September 8, 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, September 8, 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, except Director Kuhl, 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 and Mr. Sergio Torres 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 5:09 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 August 11, 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 August 11, 2022, as presented.
3. **Public Hearing on Proposed 2022 Tax Rate.** Director Haymon next called the public hearing on the 2022 tax rate to order, notice of which was published as required by law in the *Courier of Montgomery County*. Ms. Adams noted that the proposed tax rate was \$0.64 per \$100 of 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. There being no comments from the public, the public hearing was closed.

4. **Adopt Order Setting Rate and Levying Tax for 2022 (the "Tax Rate Order")**. The Board then considered adoption of the Tax Rate Order. Upon motion by Director Cutler, seconded by Director Shelly, and after full discussion with all Directors present voting aye in a roll call vote, the Board voted unanimously to adopt the Tax Rate Order, with a total ad valorem tax rate of \$0.64 per \$100 of assessed value for tax year 2022, comprised of \$0.355 per \$100 assessed valuation for debt service purposes and \$0.285 per \$100 assessed valuation for operation and maintenance purposes for the fiscal year ending ("FYE") December 31, 2023. A copy of the Tax Rate Order is attached hereto.

5. **Approve Amended and Restated District Information Form ("DIF")**. Ms. Adams then reviewed the DIF with the Board, a copy of which is attached hereto, which is required to be amended to show the current tax rate, the outstanding debt and the Notice to Purchasers form, and is to be recorded in the Montgomery County Real Property Records (the "MCRPR") and filed with the Texas Commission on Environmental Quality (the "TCEQ"). Upon motion by Director Cutler, seconded by Director Bock, after full discussion and with all Directors present voting aye, the Board voted unanimously to approve the DIF and authorize RBAP to record same in the MCRPR and file with the TCEQ, as required by law.

Mr. Blitch then presented to and reviewed with the Board information from the Municipal Securities Rulemaking Board ("MSRB") in connection with the MSRB Rule G-10 ("Rule G-10"), a copy of which is attached hereto. Mr. Blitch stated that the Rule G-10 requires the District's Financial Advisor to annually provide, in writing, the following items of information: (1) a statement that the Financial Advisor is registered with the U.S. Securities and Exchange Commission and the MSRB; (2) the website address for the MSRB; and (3) a statement as to the availability to the customer of an investor brochure that is posted on the MSRB website that describes the protections that may be provided by the MSRB rules and how to file a complaint with an appropriate regulatory authority. The Board then acknowledged receipt of the Rule G-10 notice from Blitch, a copy of which can be found in the District's files.

6. **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 August, a copy of which is attached hereto. Mr. Holland reported that 99.52% of the 2021 taxes had been collected as of August 31, 2022. Upon motion by Director Shelly, seconded by Director Bock, after full discussion and with all Directors present voting aye, the Board voted unanimously to accept the Tax Assessor/Collector's Report.

7. **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 presented to the Board the Amended and Restated Agreement for Bookkeeping Services (the "Amended Bookkeeping Agreement"). Mr. Holland stated that the Amended Bookkeeping Agreement includes the following amendments: 1) an increase in the Bookkeeper's hourly rate to \$100.00 per hour; and 2) an increase in the Bookkeeper's monthly flat rate from \$2,100.00 to \$2,800.00, which includes preparation of the monthly tax account checks. 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 Amended Bookkeeping Agreement.

Director Cutler inquired about the annual generator maintenance cost and invoices for same. Director Cutler recommended the batteries for the generators be inspected before replacing. A discussion ensued. Ms. Mireles stated she would confer with Mr. Mark Ivy of MMIA regarding this matter.

Mr. Blitch exited the meeting at this 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.

8. **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.

Regarding the status of the Wastewater Treatment Plan ("STP") repairs, Mr. Hardin reported that LEI was in the process of completing an inspection report for the STP facilities based upon the inspection.

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.

Mr. Hardin inquired with Director Cutler regarding the proposed Emergency Water Interconnect Agreement (the "Interconnect Agreement") with Montgomery County Utility District No. 2 ("MCUD No. 2"). Director Cutler confirmed that he sent the proposed Interconnect Agreement to the MCUD No. 2 Board of Directors ("MCUD No. 2 Board"). Director Cutler went on to state that the MCUD No. 2 Board had other financial considerations and would review the matter further.

Mr. Hardin went on to report that the Bond Application Report ("BAR") was submitted to TCEQ on August 15, 2022 and that TCEQ issued a response letter declaring the BAR was administratively complete on August 17, 2022, a copy of which is attached to the Engineer's Report. Mr. Hardin noted that the BAR was submitted under the "60-day Expedited Review" criteria and, therefore, the expected approval date should be on or before October 16, 2022. Ms. Adams stated that it was likely that the Preliminary Official Statement would be presented to the Board at the October 13th Board meeting.

A discussion ensued regarding the preliminary work, such as sampling, for Phase II of the STP expansion. Mr. Hardin stated that, if the flows increase, further testing would need to be done.

Upon motion by Director Shelly, 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. **Review proposed Emergency Water Interconnect Agreement with MCUD No. 2.** There was nothing further to discuss at this time.

10. **Operations Report.** Ms. Mireles introduced Mr. Torres. Ms. Mireles then went on to review the Operations Report, a copy of which is attached hereto. Ms. Mireles reported that the District had 762 connections and a 99.02% water accountability ratio for the period ending August 19, 2022.

Mr. Torres then reviewed with the Board two (2) TCEQ violations received, noting that these were "soft" violations. Mr. Torres stated that MMIA remedeiated the excursion at a sanitary sewer manhole and then self-reported the issue to TCEQ. Mr. Torres stated the excursion seemed to have been an equipment failure and that the sanitary sewer manhole was scheduled to be sealed.

Ms. Mireles noted that MMIA was still awaiting parts for the cooling tower repairs.

Upon motion by Director Cutler, seconded by Director Bock, 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 stated the toilet at the District Administration Building was repaired.

Ms. Mireles then presented two (2) quotes for painting the fence at the Water Plant/Administration Building from: 1) Re-Image Renovations, LLC ("Re-Image"); and 2) Four Seasons Development Co., Inc. ("Four Seasons"). A discussion ensued regarding the costs of solid color stain. Director Haymon motioned to accept the quote from Re-Image and Director Shelly seconded such motion. With Directors Haymon and Shelly voting aye, and Directors Bock and Cutler voting nay, the motion did not pass. The matter was tabled until the October Board meeting.

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.** Ms. Adams then presented the Order Declaring Unopposed Candidates Elected to Office and Cancelling the November 8, 2022 Directors Election (the "Order Canceling Election") for the Board's approval, a copy of which is attached hereto. Ms. Adams explained that since the candidates to be listed on the ballot for the 2022 Directors Election, Directors Haymon, Kuhl and Bock, were unopposed, the District was required to cancel the election.

Upon motion by Director Bock, seconded by Director Cutler, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Order Cancelling Election, thereby declaring Directors Haymon, Kuhl and Bock each elected to office for a four (4) year term to expire in November 2026. Ms. Adams noted that a copy of the Order Cancelling Election would be posted in the District on Election Day, as required by the Texas Election Code.

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 6:02 p.m.

Passed and approved this 13th day of October, 2022.




Secretary, Board of Directors