

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

**October 13, 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, October 13, 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 Directors Bock and Cutler, thus constituting a quorum. Consultants in attendance were: Ms. Regina D. Adams (via teleconference), attorney, and Ms. Raechel Rodriguez, legal assistant, of Radcliffe Bobbitt Adams Polley PLLC ("RBAP"), attorney for the District; Messrs. Josh Maas and 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 5:00 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 September 8, 2022 and the special meeting minutes of September 21, 2022. 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 regular meeting minutes of September 8, 2022 and the special meeting minutes of September 21, 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 September, a copy of which is attached hereto. Mr. Holland reported that 99.15% of the 2021 taxes had been collected as of September 30, 2022. 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 reported that WGB RV Park on the Lake's last invoice was past due.

Mr. Holland then reviewed the preliminary draft Fiscal Year Ending December 31, 2023 Budget with the Board. Ms. Adams requested that the election expense item be zero dollars (\$0.00) and a legal-election expense item of \$500.00 be included.

Upon motion by Director Shelly, 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.

5. **Update on status of proposed sale of the District's Unlimited Tax and Revenue Bonds, Series 2022 (the "Series 2022 Bonds").** Mr. Blitch presented to the Board and recommended the approval of the Preliminary Official Statement for the Series 2022 Bonds, a copy of which is attached hereto. Mr. Blitch noted that the Notice of Sale would need to be published no later than October 31, 2022, ten (10) days prior to the sale of the Series 2022 Bonds at the November 10<sup>th</sup> Board meeting. Mr. Blitch expressed concern that should the District not receive the staff memorandum and draft order from the Texas Commission on Environmental Quality ("TCEQ") in a timely manner, then the District may incur additional publication costs and delay the sale.

Upon motion by Director Shelly, seconded by Director Kuhl, after full discussion and with all Directors present voting aye, the Board voted unanimously to authorize publication of the Notice of Sale of the Series 2022 Bonds by October 31, 2022 with a sale date of November 10, 2022.

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 Preliminary Official Statement; and 2) adopt the Order Adopting Preliminary Official Statement, Approving Notice of Sale and Authorizing Distribution of Same for the Series 2022 Bonds.

Ms. Adams also noted that because there is a developer reimbursement included in the Series 2022 Bonds, the District's Auditor, McCall Gibson Swedlund Barfoot PLLC ("MGSB") would need to prepare agreed-upon procedures ("Reimbursement Audit"). Upon motion by Director Shelly, seconded by Director Kuhl, after full discussion and with all Directors present voting aye, the Board voted unanimously to authorize MGSB to prepare the Reimbursement Audit related to the Series 2022 Bonds.

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. ("FQ/LB") in the French Quarter and Lake Breeze subdivisions, Mr. Hardin reported that construction was completed. Mr. Hardin then presented to the Board Pay Estimate Nos. 7 and 8

from C.E. Barker, Ltd. ("C.E. Barker") in the amounts of \$147,467.92 and \$51,014.70, respectively.

Regarding the status of the Wastewater Treatment Plan ("STP") repairs, Mr. Hardin reported that LEI was in the process of completing an inspection report 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 reminded the Board that Texas Holdings Trust, LLC ("THT") presented its proposed development plan at the District's September 21<sup>st</sup> Board meeting. Mr. Hardin noted that LEI requested THT furnish additional funds to update the feasibility study, but that LEI had not yet received any additional funds to date and therefore LEI had taken no further action on this matter. Mr. Hardin stated LEI would follow-up with THT regarding the request for additional funds.

Mr. Hardin stated that Mr. Dru Kahlenburg of Clear Lake Assets, the developer for Clearview Estates, has sold a portion of Unrestricted Reserve F and that the new owner proposed developing the property with single family residential rental units. Mr. Hardin then reviewed the new owners plans, which are attached to the Engineer's Report, noting that the developer does not intend to replat the reserve to create individual lots. An extensive discussion ensued regarding the manner in which the District would provide water and sewer service to single family homes on a reserve. Ms. Adams recommended the District amend its Rate Order to create a multifamily water and sewer rate classification.

Upon motion by Director Shelly, seconded by Director Kuhl, after full discussion and with all Directors present voting aye, the Board voted unanimously to accept the Engineer's Report and approve Pay Estimate Nos. 7 and 8 in the cumulative amount of \$198,482.62.

7. **Review proposed Emergency Water Interconnect Agreement with MCUD No. 2.** There was nothing further to discuss at this time.

8. **Operations Report.** Mr. Maas then went on to review the Operations Report, a copy of which is attached hereto. Mr. Maas reported that the District had 774 connections and a 95.64% water accountability ratio for the period ending September 20, 2022.

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; and 2) authorize termination of service to delinquent accounts in accordance with the provisions of the District's Rate Order.

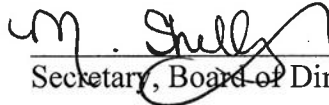
9. **General Maintenance of District Administration Building.** Director Kuhl reported that he spoke with the contractors handling the fence repairs at the District Administration Building and recommended that the District stain the fence, rather than paint it. It was the consensus of the Directors to stain the fence a natural wood color. 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 bid to stain the fence from Re-Image Renovations, LLC in the amount of \$7,400.56, a copy of which is attached hereto.

10. **General District facility landscape matters.** There was nothing to report at this time.
11. **Attorney's Report.** Ms. Adams stated there was nothing to report at this time.
12. **Annual Review of all Consultants' Contracts.** Upon motion by Director Shelly, seconded by Director Kuhl, after full discussion and with all Directors present voting aye, the Board voted unanimously to acknowledge its review of all consultants' contracts.
13. **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 5:46 p.m.

Passed and approved this 10<sup>th</sup> day of November, 2022.



  
Secretary, Board of Directors