

FAR HILLS UTILITY DISTRICT
MINUTES OF BOARD OF DIRECTORS MEETING

May 11, 2023

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, May 11, 2023 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. Meredith King (via teleconference), attorneys, and Ms. Raechel Rodriguez (via teleconference), legal assistant, of Radcliffe Adams Barner PLLC ("RAB"), attorney for the District; Ms. Erika 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 Blich of Blich and Associates, financial advisor for the District; and Mr. Terry Holland of Myrtle Cruz, Inc. (the "Bookkeeper"), bookkeeper for the District. Also in attendance was Mrs. Jean Haymon, resident of 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 5:03 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 April 13, 2023. 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 regular meeting minutes of April 13, 2023.
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 April, a copy of which is attached hereto. Mr. Holland reported that 96.47% of the 2022 taxes had been collected as of April 30, 2023. 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 Tax Assessor/Collector's Report.
4. **Delinquent Tax Attorney's Report.** There was nothing to report at this time.

5. **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 Cutler, seconded by Director Shelley, 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.

6. **Adopt Order Regarding Annual Review of Rules, Policies and Code of Ethics for Investment of District Funds (the "Investment Policy Order").** Ms. Adams then reviewed with the Board the Investment Policy Order. Ms. Adams then reported that the authorized broker list, which is required pursuant to the Texas Public Funds Investment Act and the Investment Policy, had been updated. Upon motion by Director Kuhl, seconded by Director Shelly, and after full discussion and with all Directors present voting aye, the Board adopted the Investment Policy Order, including amending the broker list, a copy of which is attached hereto.

7. **Discuss Emergency Water Supply Agreement with Montgomery County Utility District No. 2 ("MCUD 2") and any other matters related to same.** Director Cutler reported that MCUD 2 has not yet approved funding for the interconnect project in its next fiscal year budget. Director Cutler noted that MCUD 2 inquired about potentially purchasing water from the District to serve its residents, but there was not enough information to present such request to the Board at the time.

8. **Engineer's Report.** Mr. Hardin then reviewed the Engineer's Report, a copy of which is attached hereto.

Mr. Hardin noted that Langford had not been contacted by the developers that attended the prior Board meeting regarding the development of the Walker Tract.

Mr. Hardin stated that Langford was preparing a revised scope of work and cost estimate for the build-out of the existing storage building on the Water Plant site.

Mr. Hardin then reminded the Board that it accepted the bid from MetroCity LLC ("MetroCity") for the Water Main Rehabilitation and Replacement Project ("Water Main Rehab Project"). Mr. Hardin then presented to the Board the construction contract with MetroCity for such project for consideration.

Upon motion by Director Shelley, seconded by Director Kuhl, after full discussion and with all Directors present voting aye, the Board voted unanimously to approve the Engineer's Report and approve the construction contract with MetroCity for the Water Main Rehab project.

9. **Review District's five (5)-year plan and take any necessary actions on same.** Mr. Hardin recommended updating the District's five (5)-year plan due to several changes that needed to be addressed. 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 Langford to update the District's five (5)-year plan for the Board's review.

10. **Operations Report.** Ms. Mireles reviewed the Operations Report, a copy of which is attached hereto. Ms. Mireles reported that the District had 799 connections and a 98.61% water accountability ratio for the period ending April 20, 2023.

Mr. Torres then reported that the fencing and gate at Lift Station No. 14 were installed incorrectly and presented to the Board a proposal from Four Seasons Development Co. ("Four Seasons") to reinstall the fence and double swing gate for a cost of \$4,860.00, a copy of which is attached hereto.

Mr. Torres noted that temporary repairs were made at the lift stations and presented a proposal from Neil Technical Services ("NTS") for lift station repairs in the total amount of \$40,050.00, a copy of which is attached hereto.

An extensive discussion ensued regarding funding for the repairs to the fence at Lift Station No. 14 and other various repairs needed at the District's lift stations. Mr. Hardin recommended utilizing surplus funds from the District's Series 2015 bonds. Ms. Adams noted that a resolution regarding use of such surplus funds would be required.

Ms. Mireles then presented to the Board a proposal from MMIA for painting District fire hydrants, a copy of which is attached hereto. Ms. Mireles recommended the District wait until the completion of the Water Main Rehab Project before painting such hydrants because some hydrants would be replaced.

Ms. Mireles then reviewed with the Board two (2) delinquent accounts and requested authorization to write-off such accounts in a total amount of \$411.81.

Upon motion by Director Kuhl, seconded by Director Cutler, after full discussion and with all Directors present voting aye, the Board voted unanimously to: 1) accept the proposal from Four Seasons in the amount of \$4,860.00; 2) accept the proposal from NTS in the amount of \$40,050.00; and 3) authorize writing off two (2) delinquent accounts in the amount of \$411.81, as discussed.

The Board then reviewed Waivers of Liability for two (2) properties: 1) 13242 Hawthorne Drive, within the District; and 2) 10631 Cude Cemetery Road, which was subject to an Out-of-District Water and Sanitary Sewer Service Agreement with the District.

Ms. Mireles noted that the 2022 Consumer Confidence Report ("CCR") would be ready to send out and post the following week.

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) authorize distribution of the 2022 CCR; and 2) approve the Waivers of Liability, as presented.

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.

11. **General Maintenance of District Administration Building.** Director Kuhl reported a leak in the District Administration Building roof and inquired if the roof was still under warranty. Mr. Hardin stated he would contact the roofing company regarding the warranty.

Director Kuhl went on to report that there were issues recently concerning the County's utilization of the District Administration Building for the May 6, 2023 Election and noted that the County did not leave the building in the same condition as it was found. Ms. Adams stated that the District has established Policies and Rules for Use of the District Administration Building that included provisions regarding the cleanliness of such facility. Ms. Adams stated that an item would be added to the June 8th agenda regarding the review of such policy.

A discussion ensued regarding the rental calendar and option to charge for the use of the District Administration Building.

12. **District facility landscape matters.** Director Cutler noted mulching was completed and that the oleanders were removed from the Wastewater Treatment Plant berm.

13. **Attorney's Report, including review Arbitrage Rebate and Yield Restriction Compliance Service Program Report for 2022.** Ms. Adams then reviewed with the Board the Arbitrage Report prepared by Arbitrage Compliance Specialists, Inc. concerning the District's active bond issues as of April 24, 2023, a copy of which is attached hereto. Ms. Adams noted that she met with Director Kuhl to review the post-issuance compliance checklists for Fiscal Year Ended December 31, 2022. Ms. Adams further noted that there was potential for the District's interest on investments of its bonds and/or debt service fund to become taxable due to increases in interest rates.

14. **Adjournment.** There being no further business to come before the Board, the meeting was adjourned at 6:03 p.m.

Passed and approved this 8th day of June, 2023.



M. Shelly
Secretary, Board of Directors