

FAR HILLS UTILITY DISTRICT

MINUTES OF BOARD OF DIRECTORS MEETING

April 13, 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, April 13, 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. (via teleconference), and Mr. Jacob Floyd, 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; Mr. Michael Others of McCall Gibson Swedlund Barfoot PLLC (the "Auditor" or "MGSB"), auditor for the District; and Mr. Terry Holland of Myrtle Cruz, Inc. (the "Bookkeeper"), bookkeeper for the District; Also in attendance were: Mr. Kevin Lacy, member of the Board of Directors of Montgomery County Utility District No. 2 ("MCUD 2"), Mrs. Jean Haymon, resident of the District, Mr. Joe Watson of Axis Point Developers, LLC, and Mr. Michael Cordon of Goldcor Capital Partners.

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 March 9, 2023. Upon motion by Director Shelly, seconded by Director Bock, after full discussion and with all Directors present voting aye, the Board voted unanimously to approve the regular meeting minutes of March 9, 2023, as revised.
3. **Review and Approve Fiscal Year Ended ("FYE") December 31, 2022 Audit Report (the "2022 Audit").** Mr. Others presented a draft of the District's 2022 Audit, a copy of which is attached hereto. Mr. Others also reviewed with the Board the Letter of Representation, a copy of which is also attached hereto. Upon motion by Director Kuhl, seconded by Director Shelly, after full discussion and with all Directors voting aye, the Board approved the 2022 Audit, subject to final review.

4. **Discuss Emergency Water Supply Agreement with MCUD 2 and any other matters related to same.** Mr. Lacy stated that MCUD 2 appointed a new director to fill a vacancy who was also appointed to the Interconnect Committee. Mr. Lacy also stated that the MCUD 2 Board would meet to discuss MCUD 2's FYE April 30, 2024 Budget in April and would then provide the District with comments regarding the Emergency Water Supply Agreement.

Mr. Lacy exited the meeting at this time.

5. **Engineer's Report.** Mr. Watson introduced himself and presented his plan for the proposed Walker tract development. Mr. Watson stated that the proposed development would include 136 lots, 36 of which would be premium waterfront property. A discussion ensued regarding the proposed development and the cost sharing structure for the improvements that benefit the District and were not attributable to the developer.

A discussion then ensued regarding the need to expand the Water Plant ("WP") and the Wastewater Treatment Plan ("STP") to accommodate service to the anticipated number of connections on the Walker tract.

Upon motion by Director Shelly, seconded by Director Bock, after full discussion and with all Directors present voting aye, the Board voted unanimously to authorize preparation of a feasibility study related to the Walker tract, subject to receipt of an application from the developer.

Messrs. Watson and Cordon exited the meeting at this time.

Mr. Hardin then discussed with the Board the potential differences between the new version of a feasibility study related to the Walker tract compared to the prior feasibility study for the same project.

Mr. Others exited the meeting at this time.

Mr. Blich then reviewed with the Board the basics of the financial feasibility analysis that would be performed as part of the feasibility study.

6. **Authorize Preparation and submittal of Continuing Disclosure Report.** The Board then discussed authorizing the filing of the District's 2022 Audit with the Texas Commission on Environmental Quality ("TCEQ") and elsewhere, as required by same. Ms. Adams explained that the District also has an obligation to update, on an annual basis, certain financial information contained in the District's Orders Authorizing Issuance of Bonds, which information will serve to keep bondholders and other interested parties apprised of the financial strength and condition of the District, and requested the Board's authorization to prepare and file such materials with the appropriate agencies. Upon motion by Director Shelly, seconded by Director Kuhl, after full discussion and with all Directors voting aye, the Board authorized the filing of the 2022 Audit and any required continuing disclosure materials with the appropriate agencies.

7. **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 March, a copy of which is attached hereto. Mr. Holland reported that 95.85% of the 2022 taxes had been collected as of March 31, 2023. Upon motion by Director Cutler, seconded by Director Kuhl, after full

discussion and with all Directors present voting aye, the Board voted unanimously to accept the Tax Assessor/Collector's Report.

8. **Delinquent Tax Attorney's Report.** There was nothing to report at this time.

9. **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 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.

Mr. Blich exited the meeting at this time.

10. **Engineer's Report (cont.)**. Mr. Floyd then reviewed the Engineer's Report, a copy of which is attached hereto.

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

Mr. Floyd then presented proposals from Source Point Solutions, LLC for manhole inspection services at a cost of \$6,976.00 and smoke testing services at a cost of \$19,883.50. Mr. Floyd recommended including these projects in the FYE December 31, 2024 Budget to allow for completion of the 2022 Water Main Rehabilitation and Replacements Project ("Water Main Rehab Project") in Far Hills and Hawthorne Ridge subdivisions. Mr. Floyd then reviewed the historical findings from the prior smoke tests in 2015.

Mr. Floyd then presented the inspection report and cost estimate of \$110,000.00 for construction, contingencies and engineering to perform various repairs to the STP.

Mr. Floyd then reported that nine (9) bids were received for the Water Main Rehab Project. Mr. Floyd stated that Langford recommended the lowest bidder, On-Par Civil Services, LLC ("On-Par") but noted that On-Par had not worked on a project similar to this project before. Mr. Hardin noted the supplementary bid items and discussed what was included. Mr. Hardin also noted that the second lowest bidder, MetroCity, LLC ("MetroCity") would cost less if the supplementary items were needed. A discussion then ensued regarding the concern with On-Par's experience with the project scope.

Upon motion by Director Cutler, seconded by Director Bock, after full discussion and with all Directors present voting aye, the Board voted unanimously to accept the bid from MetroCity in the amount of \$1,054,352.00 due to the lowest bidder not having experience with this type of project.

Mr. Floyd then presented a proposal from HTS, Inc. ("HTS") for construction materials testing in the amount of \$24,800.00 related to the Water Main Rehab Project. Mr. Floyd stated that Langford recommended approval of the proposal.

Upon motion by Director Cutler, seconded by Director Kuhl, after full discussion and with all Directors present voting aye, the Board voted unanimously to accept the proposal from HTS in the amount of \$24,800.00.

Mr. Floyd reminded the Board that Clearlake Assets, the developer of Clearview Estates, sold a portion of Unrestricted Reserve F and that the property was renamed Clearview Lakeside – one reserve property containing single family residential rental units which would be master metered. Ms. Adams noted that RAB had not yet received the signed original of the Water Meter Easement from Clearview Lakeside for recording in the County Real Property Records.

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.

Messrs. Hardin and Floyd exited the meeting at this time.

11. **Operations Report.** Ms. Mireles reviewed the Operations Report, a copy of which is attached hereto. Ms. Mireles reported that the District had 793 connections and a 98.40% water accountability ratio for the period ending March 20, 2023.

Ms. Mireles noted that the cooling tower fans were installed in the WP. A discussion then ensued regarding the methods of notifications for future waterline rehabilitations.

Mr. Torres noted that, during the STP inspection, concerns with the blower arose and the District may need a third (3rd) blower. Mr. Torres noted that he would review the potential third (3rd) blower with Mr. Hardin. An extensive discussion ensued regarding the cost range for same.

Director Haymon requested that Ms. Mireles obtain a proposal for painting all fire hydrants in the District. Mr. Torres then noted that some of the fire hydrants would be replaced during the Water Main Rehab Project. It was the consensus of the Board to wait until the fire hydrants were replaced to paint them.

A discussion then ensued regarding the status of Tachus, internet service provider within the District, reimbursing the District for damages caused by Tachus subcontractors to the District's facilities.

Upon motion by Director Shelley, seconded by Director Cutler, 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.

12. **General Maintenance of District Administration Building.** There were no issues to report.

13. **General District facility landscape matters.** It was noted that the grass was being cut high and low in different areas.

14. **Attorney's Report.** Ms. Adams stated that the firm's name had changed from Radcliffe Bobbitt Adams Polley PLLC to RAB. Ms. Adams also stated that RAB had not received the Arbitrage Rebate and Yield Restriction Compliance Service Program Reports yet, and that this matter should be tabled until the May meeting.

15. **Adjournment.** There being no further business to come before the Board, the meeting was adjourned at 7:01 p.m.

Passed and approved this 11th day of May, 2023.


Secretary, Board of Directors

(DISTRICT SEAL)