

FAR HILLS UTILITY DISTRICT
MINUTES OF BOARD OF DIRECTORS MEETING

July 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, July 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, except Director Haymon, 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; and Mr. Terry Holland of Myrtle Cruz, Inc. (the "Bookkeeper"), bookkeeper for the District. Also in attendance were: Messrs. Michael Cordone and Joseph Watson of GoldCor Capital Partners, LLC ("GoldCor"); and Messrs. Greg Stocks and Jeffrey Stocks, independent developers.

The Vice 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.** Mr. Watson presented to the Board the projected developed and underlying lot prices for the proposed The Waters on Lake Conroe development proposed for the 40-acre Walker tract (the "Walker Tract") adjacent to the District, a copy of which is attached hereto. Mr. Watson elaborated on the development and engineering for aesthetics of the waterfront lots. Mr. Watson noted that all 146 lots would be developed in one (1) phase. Mr. Watson further noted that GoldCor was not yet under contract to purchase the Walker Tract. Mr. Watson then inquired about reimbursement for off-site utilities and overdevelopment of same beyond the needs of the proposed development. Mr. Hardin reviewed the economies of scale for the expansion of public facilities, as well as state permitting sizing requirements. In response to a question from Director Cutler, Mr. Watson reviewed the purposes of the boat slip/motor home lots.

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

Messrs. G. and J. Stocks introduced themselves to the Board. Mr. G. Stocks explained that they anticipate moving into the District soon and would like to also develop the Walker Tract to be similar to the Rancho Escondido subdivision. Mr. Stocks explained that their motivation was not financial, but to make the District look nice.

Messrs. G Stocks and J. Stocks exited the meeting at this time.

2. **Engineer's Report.** Mr. Hardin updated the Board on Langford's preliminary discussions with all potential developers of the Walker Tract.
3. **Minutes.** The Board considered approval of the regular meeting minutes of June 8, 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 June 8, 2023.
4. **Tax Assessor/Collector's Report.** Mr. Holland stated that the Tax Assessor/Collector's Report was unavailable prior to the meeting.
5. **Delinquent Tax Attorney's Report.** There was nothing to report at this time.
6. **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 noted that the check to Lone Star Groundwater Conservation District ("LSGCD") for the disincentive fees would be voided and a new check would be issued in the reduced amount as approved by LSGCD.

Ms. Adams reviewed the Resolution Amending Directors Fees of Office and Expense Reimbursement Policy (the "Amended Reimbursement Policy") with the Board and reviewed the recommended amendments. Ms. Adams reported that recently enacted legislation allowed the District to increase the maximum daily amount of the fees of office payable to Directors at an amount not greater than the amount of the per diem set by the Texas Ethics Commission for members of the Texas Legislature. A discussion ensued.

Upon motion by Director Cutler, seconded by Director Shelly, after full discussion and the question being put to the Board, the Board voted three (3) votes in favor and one (1) vote against with Director Kuhl voting against, to adopt the Amended Reimbursement Policy, as presented. A copy of the Amended Reimbursement Policy is attached hereto.

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 Bookkeeper's Report, as presented; and 2) authorize payment of the bills reflected therein.

Mr. Holland exited the meeting at this time.

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 approved its budget to include costs for the construction of an interconnect, but was awaiting a response from the County regarding the potential for expansion of Farm-to-Market Road 830 before it signs the Interconnect Agreement.

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

Regarding the Water Plant Chlorine Building Modifications (the "WP Chlorine Building Project"), Mr. Hardin reviewed alternate locations for the chemical/disinfection system. Mr. Hardin also reviewed the preliminary costs estimate for the WP Chlorine Building Project.

Mr. Hardin noted the District may need to consider purchasing a third (3rd) blower for the Wastewater Treatment Plant ("STP") since both blowers were in use. Mr. Hardin went on to note that the Capital Improvement Plan ("CIP") was updated to include the proposed improvements and repairs at the STP.

Mr. Hardin then reviewed the construction schedule for the 2022 Water Main Rehab and Replacement Project which was anticipated to be completed on September 24, 2023.

9. **Review District's five (5)-year plan and take any necessary actions on same.** Mr. Hardin presented to the Board the five (5)-year CIP, a copy of which is attached to the Engineer's Report. Ms. Adams requested a column be added to the CIP to reflect whether the District had issued debt for each project item. Mr. Hardin requested authorization to move forward with the STP improvements listed in the CIP.

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 Engineer's Report; 2) accept the updates to the CIP; and 3) authorize the STP improvements listed in the CIP.

10. **Operations Report.** Ms. Mireles reviewed the Operations Report, a copy of which is attached hereto. Ms. Mireles reported that the District had 805 connections and a 98.96% water accountability ratio for the period ending June 20, 2023.

It was noted that LSGCD reduced the fees for exceeding the District's water well permit by more than \$3,000.00 but would not reclassify the permit violation from a major to a minor violation. Ms. Mireles noted that an updated Consent Order with the new fees was provided but did require some corrections. Ms. Mireles reviewed the process to apply for LSGCD well permits. An extensive discussion ensued regarding LSGCD rules and its review processes and procedures. In response to a question from Director Kuhl, Ms. Mireles noted that a major violation flag would be removed after one (1) year of compliance with LSGCD rules.

It was also noted that construction of the fence around Lift Station No. 11 was scheduled to commence soon.

Upon motion by Director Shelly, 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.** Director Kuhl reported that the air conditioner ("A/C") was repaired and that its motherboard was replaced. Director Kuhl went on to explain that the stains on the ceiling of the District Administration Building were a result of condensation from the A/C. Director Kuhl noted that the ceiling would require additional insulation to rectify the condensation issue and presented a quote for insulation from Victory Insulation in the amount of \$1,021.68. Director Cutler stated that the ceiling should be entirely replaced. A discussion ensued regarding the costs of insulation versus ceiling replacement. The Board tabled this matter until additional information was received.

12. **District facility landscape matters.** There was nothing to report.

13. **Authorize attendance at Association of Water Board Directors ("AWBD") Fall Seminar and Mid-Winter Conference.** The Board then discussed authorizing the Directors' attendance at the AWBD Fall Seminar and Mid-Winter Conference in Dallas, Texas on January 19-20, 2024. Upon motion by Director Shelly, seconded by Director Bock, and after full discussion with all Directors present voting aye, the Board voted unanimously to authorize the Director's attendance at the AWBD Fall Seminar and Mid-Winter Conference.

14. **Attorney's Report, including review Attorney Fee Agreement Rate Amendment for General Counsel Services.** Ms. Adams presented to the Board an amended Attorney Fee Agreement for General Counsel Services. Ms. Adams noted that RAB has not requested an increase in fees since 2013. 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 Attorney Fee Agreement Rate Amendment for General Counsel Services.

15. **Adjournment.** There being no further business to come before the Board, and upon motion by Director Cutler, seconded by Director Shelly, after full discussion and with all Directors present voting aye, the Board voted unanimously to adjourn the meeting at 7:00 p.m.

Passed and approved this 10th day of August, 2023.




Secretary, Board of Directors