

FAR HILLS UTILITY DISTRICT
MINUTES OF BOARD OF DIRECTORS MEETING
September 14, 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, September 14, 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. Terry Holland of Myrtle Cruz, Inc. (the "Bookkeeper"), bookkeeper for the District; and Mr. Bill Blich of Blich Associates, Inc., financial advisor for the District. Also in attendance were Messrs. Robert Srutka, Albert Terry and Wayne Brinkmeyer, residents 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 5:02 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 10, 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 August 10, 2023.
3. **Public hearing on proposed 2023 tax rate.** Director Haymon next called the public hearing on the 2023 tax rate to order, notice of which was published as required by law in the *Courier of Montgomery County*. Mr. Blich noted that the proposed tax rate was \$0.64 per \$100 of assessed valuation, comprised of \$0.32 per \$100 assessed valuation for debt service purposes and \$0.32 per \$100 assessed valuation for operation and maintenance purposes.

The Board then fielded questions from the District residents in attendance regarding property valuations and tax exemptions. Ms. Adams confirmed the District's 2023 ad valorem tax exemption for homestead property owners that were disabled or 65 years of age and older was

\$30,000.00. In response to a question, the Directors noted that the District's budget information was located on its website. A discussion ensued regarding the City of Conroe and Montgomery County (the "County") tax rates compared to the District's tax rates. There being no further public comment, Director Haymon adjourned the public hearing on the proposed 2023 tax rate at 5:12 p.m.

4. **Adopt Order Setting Rate and Levying Tax for 2023 (the "Tax Rate Order")**. The Board then considered adoption of the Tax Rate Order. Upon motion by Director Kuhl, 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 2023, comprised of \$0.32 per \$100 assessed valuation for debt service purposes and \$0.32 per \$100 assessed valuation for operation and maintenance purposes for the fiscal year ending ("FYE") December 31, 2024. 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 was required to be amended to show the current tax rate, the outstanding debt and the Notice to Purchasers form, and was to be recorded in the Montgomery County Real Property Records (the "MCRPR"), filed with the Texas Commission on Environmental Quality (the "TCEQ") and posted on the District's website. 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 DIF and authorize RAB to record same in the MCRPR, file with the TCEQ and post on the District website, as required by law.

6. **Tax Assessor/Collector's Report**. Mr. Holland noted that he would disseminate the Tax Assessor/Collector's Report after the Board meeting.

7. **Delinquent Tax Attorney's Report**. Ms. Adams reviewed with the Board the Delinquent Tax Attorney's Report, a copy of which is attached hereto, and recommended the Board hold its public hearing regarding water termination for non-payment of 2022 delinquent taxes at the October 12, 2023 Board meeting. Upon motion by Director Cutler, seconded by Director Kuhl, after full discussion and with all Directors present voting aye, the Board voted unanimously to set the public hearing for water terminations for non-payment of 2022 delinquent taxes for October 12, 2023 at 5:00 p.m.

8. **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 Shelly, 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. Blich exited the meeting at this time.

9. **Discuss website matters and take any necessary actions regarding same.** Ms. Adams then informed the Board that the Google Analytics Reports would be provided going forward for an additional charge to the District and would no longer be free of charge. Ms. Adams reviewed with the Board the costs of generating such reports. It was the consensus of the Board not to take any action on this matter.

10. **Discuss Emergency Water Supply Agreement with Montgomery County Utility District No. 2 ("MCUD 2") (the "Interconnect Agreement") and any other matters related to same.** Director Cutler then updated the Board on the status of the negotiation of the Interconnect Agreement, noting that MCUD 2 decided to proceed with the construction of the interconnect. Director Cutler then reviewed with the Board correspondence to MCUD 2 regarding various terms of the Interconnect Agreement, a copy of which is attached hereto. Director Cutler informed the Board that MCUD 2 requested that the water meter be placed within the boundaries of the District or in the right-of-way of Farm to Market Road 830. An extensive discussion ensued regarding the proposed and recommended location of the water meter. Further discussion ensued regarding the terms of the Interconnect Agreement. Ms. Adams stated RAB would follow-up with MCUD 2's general counsel regarding revisions to and finalization of the Interconnect Agreement.

11. **Operations Report.** Ms. Mireles reviewed the Operations Report, a copy of which is attached hereto. Ms. Mireles reported that the District had 812 connections and a 95.25% water accountability ratio for the period ending August 20, 2023.

Ms. Mireles then requested the Board's authorization to amend the District's LoneStar Groundwater Conservation District ("LSGCD") groundwater well permit to increase the limit due to well pumpage and drought conditions. A discussion ensued. Ms. Adams then reviewed a Memorandum on the Analysis of House Bill 1971 ("HB 1971") related to new groundwater permit application/amendment review limitations.

Ms. Adams then reviewed with the Board the proposed Agreed Order from the TCEQ regarding settlement of the enforcement against the District. Ms. Adams then recommended the Board approve the Agreed Order and authorize payment of the administrative penalty of \$2,311.00. Upon motion by Director Bock, seconded by Director Kuhl, after full discussion and with all Directors present voting aye, the Board voted unanimously to approve the TCEQ Agreed Order and authorize payment of the administrative penalty of \$2,311.00.

Upon motion by Director Cutler, seconded by Director Kuhl, after full discussion and with all Directors present voting aye, the Board voted unanimously to: 1) approve the Operations Report; 2) authorize termination of service to delinquent accounts in accordance with the provisions of the District's Rate Order; and 3) authorize amendment of the District's LSGCD well permit.

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

Mr. Hardin presented to the Board Pay Estimate ("PE") No. 2 in the amount of \$109,148.40 from MetroCity, LLC ("MetroCity") for the 2022 Water Main Rehab and Replacement Project ("Water Main Rehab Project") which reflected work performed through August 31, 2023.

Mr. Hardin then explained that the Water Main Rehab Project construction was underway, and the contractor had installed approximately 3,700 linear feet (3,700) of new water main, primarily along Hawthorne Drive, Valley Drive North and Summit Drive. Mr. Hardin presented a progress map, a copy of which is attached to the Engineer's Report. Mr. Hardin reported that the contractor was approximately 30 days behind schedule due to slow production from tunnelling and boring efforts. Mr. Hardin reviewed the updated contractor's schedule, a copy of which is attached to the Engineer's Report, noting that water line installations would continue through September to mid-October. Mr. Hardin went on to report that the initial service connections to the water main on Hawthorne Drive were scheduled for September 13, 2023, pending bacteriological sample results.

Mr. Hardin reported that the Feasibility Study for the Walker Tract was on-going, and that Langford anticipated presenting the draft report to the Board at its October 12, 2023 Board meeting.

Regarding the Water Plant Chlorine Building Modifications (the "WP Chlorine Building Project"), Mr. Hardin reminded the Board that Langford previously furnished alternate locations for the chemical/disinfection system and the preliminary costs estimate for the WP Chlorine Building Project. Mr. Hardin noted there was no further update.

Mr. Hardin reported that the design phase for the Wastewater Treatment Plant ("STP") Rehab and Improvements Project (the "STP Rehab Project") was underway. Mr. Hardin noted that Langford would provide a project schedule, preliminary design documents and an opinion of probable project costs for the STP Rehab Project once available.

Mr. Hardin then informed the Board that the developer of Clear View Estates installed a gate on Marci Lane in a public roadway. Mr. Hardin went on to explain that the County was willing to abandon the ten-foot (10") strip of land but would only convey half of such strip of land to the developer and the other half to the District. Mr. Hardin stated that the developer was requesting that, once conveyed to the District, the District convey the District's half of such strip of land to the developer. It was noted this matter would be included on the October 12, 2023 agenda for the Board's consideration.

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: 1) the Engineer's Report; and 2) PE No. 2 in the amount of \$109,148.40 from MetroCity for the Water Main Rehab Project.

13. **General Maintenance of District Administration Building.** There was nothing to report.

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

15. **Attorney's Report, including review Memorandum on Senate Bill ("SB") 232 and Memorandum on HB 1971.** Ms. Adams presented to and reviewed with the Board a memorandum on SB 232 and responded to questions from the Board regarding same.

16. **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 6:49 p.m.

Passed and approved this 12th day of October, 2023.

M. Shells

Secretary, Board of Directors

