

FAR HILLS UTILITY DISTRICT
MINUTES OF BOARD OF DIRECTORS MEETING

November 9, 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, November 9, 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 Bock, 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.

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 5:08 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 October 12, 2023. 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 regular meeting minutes of October 12, 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 October, a copy of which is attached hereto. Mr. Holland reported that 0.05% of the 2023 taxes had been collected as of October 31, 2023. Upon motion by Director Kuhl, 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.

5. **Bookkeeper's Report.** Mr. Holland presented the Bookkeeper's Report, including the Investment Report, Budget Summary, Energy Usage Report, the proposed Fiscal Year Ending ("FYE") December 31, 2024 Budget (the "2024 Budget") and Billing/Collection Report, copies of which are attached hereto.

Mr. Holland then reviewed the 2024 Budget and requested that consultants provide comments or revisions to same prior to the December 14, 2023 Board meeting. Ms. Adams requested that \$10,000.00 be budgeted under the election expense line item.

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.

6. **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 provided an update on discussions with MCUD 2 regarding the Interconnect Agreement noting that the District was awaiting MCUD 2's formal approval of same.

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

Mr. Hardin reviewed with the Board the status of the 2022 Water Main Rehab and Replacement Project ("Water Main Rehab Project") and stated that construction continued and that the contractor had installed approximately 9,000 linear feet (9'000 LF) of new water main. Mr. Hardin then stated that the completion of the Water Main Rehab Project was anticipated within four (4) to six (6) weeks. Mr. Hardin reviewed the progress map, a copy of which is attached to the Engineer's Report. Director Kuhl complimented the professionalism of the construction crew.

Mr. Blich reviewed the financial impacts to the District of making improvements to District facilities without the annexation/development of the 47.354-acre Walker Tract compared to the improvements to District facilities with such annexation/development. An extensive discussion ensued regarding District projects and the timing and necessity of same. Further discussion ensued regarding Texas Commission on Environmental Quality rules regarding the phasing of permitted capacity of wastewater treatment plants.

Upon motion by Director Shelly, seconded by Director Haymon, after full discussion and with two (2) Directors voting for and two (2) Directors voting against, with Directors Kuhl and Cutler voting against, to approve the Walker Tract feasibility study and authorize preparation of preliminary annexation documents and letter of intent to LevelTX, the developer of the Walker Tract, the motion failed for lack of majority vote.

Extensive discussion ensued regarding taxable values of the Walker Tract. Upon motion by Director Kuhl, seconded by Director Cutler, after full discussion and with all Directors present voting aye, the Board voted unanimously to table the consideration of the Walker Tract feasibility study.

Upon motion by Director Kuhl, seconded by Director Cutler, after full discussion and with all Directors present voting aye, the Board voted unanimously to approve the Engineer's Report.

Ms. Adams noted that the Petition to Close, Abandon and Vacate Public Roadway of Marci Lane was approved by the County Commissioner's Court on November 7, 2023.

Mr. Blich exited the meeting at this time.

8. **Operations Report.** Ms. Mireles reviewed the Operations Report, a copy of which is attached hereto. Ms. Mireles reported that the District had 815 connections and a 94.51% water accountability ratio for the period ending October 20, 2023.

In response to a question from Director Cutler, Ms. Mireles reported that an illegal tap was located in the District. A discussion ensued regarding the District's options in regard to handling the removal of the illegal tap.

Director Haymon stated that he would like MMIA to provide a proposal to pressure wash the sidewalk, driveway and the District Administration Building.

A discussion ensued regarding necessary updates to the District's Capital Improvement Plan, including future water and sewer line rehabilitations.

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 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.** There was nothing to report.

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

11. **Attorney's Report.** There was nothing to report.

12. **Adjournment.** There being no further business to come before the Board, the meeting adjourned at 6:46 p.m.

Passed and approved this 14th day of December, 2023.




Secretary, Board of Directors