

FAR HILLS UTILITY DISTRICT
MINUTES OF BOARD OF DIRECTORS MEETING

December 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, December 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, attorneys, and Ms. Raechel Rodriguez, legal assistant, of Radcliffe Adams Barner PLLC ("RAB"), attorney for the District; 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. Jon Manzala, David Kelly, Randy Dawson, Jose Martinez and Alberto Lopez, Ms. Bri Thome and Ms. Jeanine Dawson of LEVELTX CORP("LEVELTX" or "Developer"). District residents in attendance were: Mrs. Jean Haymon, Mrs. Lisa Kuhl, Messrs. Troy Shelly and Ryan Kuhl, Ms. Brittany Shelly, and Mrs. Barbara Cutler.

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 minutes of the November 1, 2023 special and November 9, 2023 regular Board meetings. 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 minutes of the November 1, 2023 special and November 9, 2023 regular Board meetings.
3. **Confirm engagement of Auditor for Fiscal Year Ending ("FYE") December 31, 2023.** The Board then reviewed the letter requesting confirmation of the Auditor's, McCall Gibson Swedlund Barfoot PLLC ("MGSB"), engagement for preparation of the FYE December 31, 2023 audit (the "2023 Audit"), a copy of which is attached hereto. Ms. Adams noted a fee range of \$19,500 to \$21,500 for preparation of the 2023 Audit. Ms. Adams noted that the fee for preparation of the FYE December 31, 2022 audit was \$22,500. Upon motion by Director Kuhl,

seconded by Director Cutler, after full discussion and with all Directors present voting aye, the Board voted unanimously to confirm the engagement of MGSB.

4. **Authorize update of District capital asset values for preparation of the 2023 Audit.**

Ms. Adams explained that Langford assesses the District's asset schedule to provide MGSB with an updated valuation of same for inclusion in the 2023 Audit. Upon motion by Director Kuhl, seconded by Director Shelly, after full discussion and with all Directors present voting aye, the Board voted to authorize Langford to evaluate the District's capital asset values.

5. **Engineer's Report.** Ms. Thome reviewed with the Board a presentation by LEVELTX regarding the potential development of the 47.354 acre Walker Tract (the "Walker Tract"), a copy of which is attached hereto. Ms. Thome also introduced the LEVELTX representatives in attendance. Ms. Thome then fielded questions from Mrs. Cutler and several Directors regarding various aspects of the proposed development. A discussion ensued regarding the proposed amenity center for same.

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

7. **Delinquent Tax Attorney's Report.** There was nothing to report.

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

A discussion ensued regarding the billing practices of Republic Services related to the dumpster service. Additional discussion ensued regarding costs related to cleaning the sanitary sewer lines.

Upon motion by Director Bock, seconded by Director Shelly, after full discussion and with all Directors present voting aye, the Board voted unanimously to: 1) approve the Bookkeeper's Report, as presented; 2) authorize payment of the bills reflected therein; and 3) adopt the 2024 Budget.

9. **Discuss Emergency Water Supply Agreement with Montgomery County Utility District No. 2 ("MCUD 2") (the "Interconnect Agreement") and any other matters related to same.**

Ms. Adams reported that MCUD 2 proposed additional terms for the Interconnect Agreement to specify that MCUD 2 was only willing to contribute up to \$500,000.00 for the construction of the interconnect. Ms. Adams explained that if these terms were acceptable to the Board, she would include the language but it did require further clarification and modification. 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 Interconnect Agreement, subject to additional revisions.

10. **Operations Report.** Mr. Torres reviewed the Operations Report, a copy of which is attached hereto. Mr. Torres reported that the District had 815 connections and a 95.24% water accountability ratio for the period ending November 20, 2023.

Mr. Torres then presented to the Board a proposal from MMIA in the amount of \$4,000.00 to pressure wash 9,520 square feet of concrete and wheel stops, as well as striping the parking lot, of the District Administration Building.

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; 2) authorize termination of service to delinquent accounts after the Christmas and New Year holidays and in accordance with the provisions of the District's Rate Order; and 3) accept the pressure washing/striping proposal from MMIA in the amount of \$4,000.00.

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

Mr. Hardin presented to the Board the Pay Estimate ("PE") No. 4 in the amount of \$257,571.90 from MetroCity, LLC ("MetroCity") for the 2022 Water Main Rehab and Replacement Project ("Water Main Rehab Project") which reflected work through November 30, 2023. Mr. Hardin noted a ten percent (10%) retainage was withheld in accordance with the contract with MetroCity.

Mr. Blich reviewed with the Board two (2) financial feasibility reports which analyzed the construction costs and financial impacts to the District from making improvements to District facilities with the annexation/development of the Walker Tract, copies of which are attached hereto. Analysis "A" analyzed the construction costs and financial impacts/tax rates with financing from both the District and Developer, whereas Analysis "B" analyzed the construction costs and financial impacts/tax rates with funding solely by the Developer. Mr. Blich stated that the Developer offered to finance all District facility improvements related to the development of the Walker Tract. Mr. Blich then fielded questions from the Board regarding reimbursement agreements. In response to question from Director Cutler, Mr. Hardin stated that because it was not recommended to operate Wastewater Treatment Plants above a certain capacity percentage, the District should increase the capacity for same. A discussion ensued regarding the potential need for a bond election and other financial considerations.

Upon motion by Director Shelly, seconded by Director Bock, after full discussion and with all Directors present voting aye, the Board voted unanimously to accept the feasibility study for the annexation and development of the Walker Tract and authorize transmittal of a Letter of Intent for the proposed annexation of the Walker Tract to the Developer.

All LEVELTX representatives exited the meeting at this time.

Mr. Blich then explained to the Board that the FQ/LB, LLC ("FQ/LB"), the developer of French Quarter subdivision, Section 4 was requesting its final reimbursement. Mr. Blich explained that the reimbursement agreement allowed for reimbursement at a \$0.56 per \$100 assessed valuation tax rate. Mr. Blich noted that the taxable values and related calculations would result in a \$2,290,000 bond issue. Mr. Blich then reviewed with the Board the reimbursement/bond issue analysis, a copy of which is attached hereto. A discussion ensued regarding the Bond Application Report.

Upon motion by Director Kuhl, seconded by Director Shelly, after full discussion and with all Directors present voting aye, the Board voted unanimously to authorize the preparation of the Bond Application Report for reimbursement to FQ/LB.

Mr. Blich then presented to and reviewed with the Board information from the Municipal Securities Rulemaking Board ("MSRB") in connection with the MSRB Rule G-10 ("Rule G-10"), a copy of which is attached hereto. Mr. Blich stated that the Rule G-10 requires the District's Financial Advisor to annually provide, in writing, the following items of information: (1) a statement that the Financial Advisor is registered with the U.S. Securities and Exchange Commission and the MSRB; (2) the website address for the MSRB; and (3) a statement as to the availability to the customer of an investor brochure that is posted on the website of the MSRB that describes the protections that may be provided by the MSRB rules and how to file a complaint with an appropriate regulatory authority. The Board then acknowledged receipt of the Rule G-10 notice from Blich.

Mr. Blich exited the meeting at this time.

Mr. Hardin then reviewed the remainder of the Engineer's Report. Mr. Hardin noted that the Wastewater Treatment Plant Rehabilitation Project was on hold awaiting the determination of the Walker Tract annexation. Mr. Hardin also noted that Water Main Rehab Project was nearing completion and that all connections were switched to the new water main service.

Mr. Hardin stated that there was no update on the status of the Clear View Estates access road/gate conveyance.

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. 4 from MetroCity in the amount of \$257,571.90 for the Water Main Rehab Project.

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

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

14. **Engineer's Report (continued).** Mr. Hardin stated that the District had new and old water lines on each side of Cude Cemetery Road and recommended authorizing the Operator to install two valves on such lines.

15. **Attorney's Report, including:**

Review 2024 Annual Agenda. Ms. Adams presented to and reviewed with the Board a draft 2024 Annual Agenda, a copy of which is attached hereto.

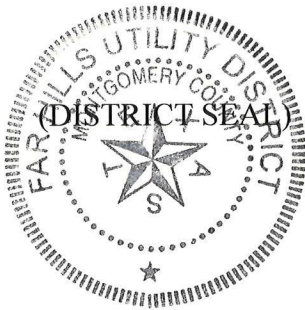
Authorize Eminent Domain reporting compliance pursuant to Texas Government Code, §2206.151-157, as amended. Ms. Adams then reported that RAB would file the required annual eminent domain report on behalf of the District. Ms. Adams explained that the report included information related to annual implementation of the District's authority to exercise its power of eminent domain and must be filed before February 1st of each year.

Authorize filing of financial and tax-related information to Texas Comptroller pursuant to Texas Government Code, §203.062 and Texas Government Code, § 403.0241 for the Special Purpose District Public Information Database ("SPDPID"). Ms. Adams then reminded the Board that the District was required to file certain financial and tax-related information on the Comptroller's SPDPID annually. Ms. Adams noted that such information must be filed by April 1, 2024.

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) authorize RAB to file the required annual eminent domain report; 2) authorize RAB to file the required financial and tax-related information on the SPDPID; and 3) approve the 2024 Annual Agenda.

16. **Adjournment.** There being no further business to come before the Board, and upon motion by Director Cutler, seconded by Director Bock, after full discussion and with all Directors present voting aye, the Board voted unanimously to adjourn the meeting at 6:46 p.m.

Passed and approved this 11th day of January, 2024.




Secretary, Board of Directors