

FAR HILLS UTILITY DISTRICT
MINUTES OF BOARD OF DIRECTORS MEETING

February 8, 2024

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, February 8, 2024 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. Meredith King, attorney, 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 5:01 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 January 11, 2024 regular Board meeting. 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 minutes of the January 11, 2024 regular Board meeting.
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 January, a copy of which is attached hereto. Mr. Holland reported that 84.16% of the 2023 taxes had been collected as of January 31, 2024.
4. **Adopt Order Determining Ad Valorem Tax Exemptions.** The Board next considered adoption of the tax exemptions for the 2024 tax year, including homestead exemptions for those residents who are 65 years of age and older or disabled. Mr. Blich reviewed the homestead tax exemption study with the Board, a copy of which is attached hereto. Ms. King reminded the

Directors that, in 2023, the Board granted a homestead exemption of \$30,000 for disabled persons or persons 65 years of age or older. Upon motion by Director Cutler, seconded by Director Bock, and after full discussion with all Directors present voting aye, the Board voted unanimously to retain the same exemptions for 2024 as were approved in 2023, and adopt the Order Determining Ad Valorem Tax Exemptions, a copy of which is attached hereto.

Mr. Blich then reviewed with the Board a summary from S and P Global Rating which stated that the District's long-term rating and underlying rating on the District's general obligation bonds were raised from a BBB to BBB+. A copy of the report is attached hereto.

5. **Adopt Resolution Authorizing Petition Challenging Appraisal Records.** Ms. King then reviewed the Resolution Authorizing Petition Challenging Appraisal Records with the Board. Ms. King explained that such resolution would allow Ms. McRae to represent the District in challenging certain categories of appraisal records with Montgomery Central Appraisal District ("MCAD"). Upon motion by Director Kuhl, seconded by Director Shelly, and after full discussion with all Directors present voting aye, the Board voted unanimously to adopt the Resolution Authorizing Petition Challenging Appraisal Records, a copy of which is attached hereto.

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

7. **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 an additional deposit was received from LEVELTX for proposed annexation of the Walker Tract and would be deposited the following day.

A discussion ensued regarding the sludge haul invoice.

Mr. Blich exited the meeting at this time.

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.

8. **Tax Assessor/Collector's Report (continued).** Upon motion by Director Bock, 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.

9. **Discuss insurance renewal and authorize obtaining proposal(s) (expires April 6, 2024).** Director Kuhl reviewed with the Board the District's current insurance coverages and the need to procure proposal(s) for the upcoming insurance year. Upon motion by Director Shelly, seconded by Director Bock, after full discussion and with all Directors present voting aye, the Board voted to unanimously to authorize Director Kuhl to obtain an insurance proposal from Arthur J. Gallagher for the 2024-2025 insurance year.

10. **Authorize Engineer to prepare updated values for insurance purposes.** The Board then discussed the valuation of the District's assets in relation to the preparation of the District's property insurance proposal. Upon motion by Director Shelly, seconded by Director Kuhl, after full discussion and with all Directors present voting aye, the Board voted unanimously to authorize Langford to prepare updated values for insurance purposes. It was noted that Langford had already completed the updated values.

11. **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. King reported that the Interconnect Agreement was fully executed and recommended the Board authorize Langford to proceed with the design phase of such project. 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 Langford to proceed with the design of the interconnect with MCUD 2.

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 the Change Order ("CO") No. 1 and Final in the deductive amount of \$43,896.47 and Pay Estimate ("PE") No. 6 and final in the amount of \$46,927.53 from MetroCity, LLC ("MetroCity") for the 2022 Water Main Rehab and Replacement Project ("Water Main Rehab Project") which reflected work completed through January 31, 2024.

Mr. Hardin reported that Langford compiled the information for the Bond Application Report ("BAR") and bond issue cost summary for the reimbursement of FQ/LB, LLC, the developer of French Quarter, Section 4, and was awaiting feedback from Mr. Blich. Mr. Hardin anticipated presenting the BAR to the Board at its April 10, 2024 Board meeting.

Mr. Hardin went on to report that there was not an update on the annexation of the 47.354-acre Walker Tract (the "Property") and that the District was awaiting the developer to petition the City of Conroe (the "City") to remove the Property from the City's extraterritorial jurisdiction.

Mr. Hardin then noted that Langford would proceed with design of the facilities improvement projects once all annexation-related documents were in place for such projects.

Mr. Hardin further reported that the Water Main Rehab Project was completed and that the Certificate of Completion was received, a copy of which is attached to the Engineer's Report. Mr. Hardin stated that the Owner's Certificate of Acceptance would need to be approved.

Mr. Hardin then presented to the Board three (3) proposals for smoke testing in Shelter Bay Estates, Hawthorne Ridge and Far Hills subdivisions, copies of which are attached to the Engineer's Report. Mr. Hardin stated that Langford recommended approval of the proposal from the lowest bidder, Hydroclear Services, LLC ("Hydroclear"), in the amount of \$24,341.35.

Mr. Hardin informed the Board that the Lake Breeze Homeowner's Association ("LBHOA") was requesting Board approval to allow boat docks on the canal within the District's drainage easement. An extensive discussion ensued. The Board requested RAB research whether the District can abandon the easement, or alternatively, assign it to LBHOA.

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 Engineer's Report; 2) approve PE No. 6 and Final in the amount of \$46,927.53 and CO No. 1 and Final in the deductive amount of \$43,896.47 from MetroCity for the Water Main Rehab Project; 3) approve the Owner's Certificate of Acceptance; and 4) accept the proposal from Hydroclear in the amount of \$24,341.35 for smoke testing in the Shelter Bay Estates, Hawthorne Ridge and Far Hills subdivisions.

13. **Operations Report.** Ms. Mireles reviewed the Operations Report, a copy of which is attached hereto. Ms. Mireles reported that the District had 825 connections and a 96.79% water accountability ratio for the period ending January 19, 2024.

Mr. Torres then presented to the Board a proposal from MMIA in the amount of \$2,800.00 to fill in low spots and grade the Wastewater Treatment Plant ("STP") gravel road, a copy of which is attached hereto. Mr. Torres also presented to the Board another proposal from MMIA in the amount of \$4,630.00 for the construction and installation of a double swing pipe gate at the STP.

Mr. Torres reported that the LoneStar Groundwater Conservation District ("LSGCD") requested a hydrological report from the District, but that the request did not include a District water well and MMIA was still awaiting a response from LSGCD clarifying its request.

Ms. Mireles reported that newer fire hydrants were painted red and noted that the District installed silver fire hydrants. A discussion ensued regarding the color of the District's fire hydrants.

Director Shelly exited the meeting at this time.

Upon motion by Director Kuhl, seconded by Director Bock, 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) accept the proposal from MMIA in the amount of \$2,800.00 to fill in low spots and grade the STP gravel road around the STP; and 4) accept the proposal from MMIA in the amount of \$4,630.00 for the construction and installation of a double swing pipe gate at the STP.

14. **General Maintenance of District Administration Building.** It was noted that the door of the District Administration Building was repaired.

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

16. **Attorney's Report, including status of annexation of Walker Hill development (47.354 acres), including status of removal of property from City of Conroe Extraterritorial Jurisdiction.** Ms. King noted that RAB had not been provided any update regarding the status of this matter.

17. **Authorize attendance at AWBD Spring Dinner and Summer Conference.** Upon motion by Director Kuhl, seconded by Director Bock, after full discussion and with all Directors present voting aye, the Board voted unanimously to authorize attendance at the AWBD Spring Dinner and Summer Conference.

18. **Adjournment.** There being no further business to come before the Board, and upon motion by Director Kuhl, seconded by Director Bock, after full discussion and with all Directors present voting aye, the Board voted unanimously to adjourn the meeting at 6:11 p.m.

Passed and approved this 13th day of March, 2024.



M. Shell
Secretary, Board of Directors