

FAR HILLS UTILITY DISTRICT
MINUTES OF BOARD OF DIRECTORS MEETING

March 14, 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, March 14, 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. 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; Mr. Bill Blitch of Blitch Associates, Inc., financial advisor for the District; Mr. Michael Others of McCall Gibson Swedlund Barfoot ("MGSB or Auditor"), auditor for the District; and Ms. Kim Courte (via teleconference) of Arthur J. Gallagher and Co. ("AJG").

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 5:05 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 February 8, 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 February 8, 2024 regular Board meeting.
3. **Review and Approve Fiscal Year Ended December 31, 2023 Audit Report (the "2023 Audit").** Mr. Others presented a draft of the District's 2023 Audit, a copy of which is attached hereto. Mr. Others also reviewed with the Board the Letter of Representation, a copy of which is also attached hereto. Upon motion by Director Shelly, seconded by Director Kuhl, after full discussion and with all Directors voting aye, the Board approved the 2023 Audit, subject to final review.

Director Cutler entered the meeting at this time.

4. **Authorize preparation and submittal of Continuing Disclosure Report.** The Board then discussed authorizing the filing of the District's 2023 Audit with the Texas Commission on Environmental Quality ("TCEQ") and elsewhere, as required by same. Ms. Adams explained that the District also has an obligation to update, on an annual basis, certain financial information contained in the District's Orders Authorizing Issuance of Bonds, which information will serve to keep bondholders and other interested parties apprised of the financial strength and condition of the District, and requested the Board's authorization to prepare and file such materials with the appropriate agencies. Upon motion by Director Kuhl, seconded by Director Shelly, after full discussion and with all Directors voting aye, the Board authorized the filing of the 2023 Audit and any required continuing disclosure materials with the appropriate agencies.

5. **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 February, a copy of which is attached hereto. Mr. Holland reported that 94.72% of the 2023 taxes had been collected as of February 29, 2024.

Ms. Adams also reviewed with the Board correspondence from the Tax Assessor-Collector regarding the write-off of certain delinquent tax accounts. Upon motion by Director Shelly, seconded by Director Cutler, after full discussion and the question being put to the Board, the Board voted unanimously to accept the Tax Assessor/Collector's Report and authorize the write-off of delinquent tax accounts on the write-off report in the amount of \$84.66.

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 requested confirmation that the Positive Pay program could be extended to the District's collection accounts. Upon motion by Director Culter, seconded by Director Shelly, after full discussion and with all Directors present voting aye, the Board voted unanimously to authorize extending the Positive Pay program to the District's collection accounts.

Ms. Courte entered the meeting at this time.

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

8. **Review and accept insurance proposal.** Ms. Courte then reviewed with the Board the insurance proposal from AJG and discussed the rising costs of property insurance coverage. Ms. Courte then fielded questions from the Board. Upon motion by Director Cutler, seconded by Director Shelly, after full discussion and with all Directors present voting aye, the Board voted to unanimously to accept the Gallagher insurance proposal, a copy of which is attached hereto, and authorize payment of the insurance premium. A discussion ensued regarding consideration of cyber liability coverage at the April Board meeting.

Mr. Blitch exited the meeting at this time.

A discussion ensued regarding the date of the April Board meeting. It was the consensus of the Board to reschedule such Board meeting to April 17, 2024.

Ms. Courte exited the meeting at this time.

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

Mr. Hardin reported that Langford compiled the information for the Bond Application Report ("BAR") and bond issue cost summary for reimbursement FQ/LB, LLC, the developer of French Quarter, Section 4. Mr. Hardin stated he anticipated submitting the BAR to the TCEQ prior to the April 17, 2024 Board meeting.

Ms. Adams then presented a Resolution Authorizing Application to the TCEQ for Approval of Projects and Issuance of Bonds (the "BAR Resolution"), a copy of which is attached hereto.

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 then reminded the Board that it previously accepted a proposal from Hydroclear Services, LLC ("Hydroclear") for smoke testing in Shelter Bay Estates, Hawthorne Ridge and Far Hills subdivisions. Mr. Hardin reported that Hydroclear was in the process of scheduling the work and that Langford anticipated the work to occur during the summer months when there will be optimal weather for such activities.

Mr. Hardin went on to remind the Board that the Lake Breeze Homeowner's Association ("LBHOA") requested Board approval to allow boat docks on the canal containing the District's drainage easement and that two (2) boat houses were already built in the canal. Ms. Adams and Mr. Hardin recommended abandoning the drainage easement at Lake Breeze ("LB"), Section 3 because it was not needed by the District.

Mr. Hardin reported that Langford was working with the Montgomery County Utility District No. 2's ("MCUD 2") engineer to scope surveying requirements for the interconnect and that MCUD 2's engineer requested the water meter for such interconnect be installed on MCUD 2's Wastewater Treatment Plant site. Mr. Hardin explained that MCUD 2 would grant an easement to the District and install fencing around the meter that the District could access. Upon motion by Director Cutler, seconded by Director Bock, after full discussion and with all Directors present voting aye, the Board voted unanimously to authorize RAB to amend the Emergency Water Supply Agreement with MCUD 2 to update the location of the water meter.

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 Engineer's Report; 2) adopt the BAR Resolution; 3) authorize the abandonment of the District's drainage easement at LB, Section 3; and 4) authorize Director Haymon to execute all required documents for the abandonment of the drainage easement at LB, Section 3.

Mr. Others exited the meeting at this time.

10. **Operations Report.** Ms. Mireles reviewed the Operations Report, a copy of which is attached hereto. Ms. Mireles reported that the District had 828 connections and a 96.71% water accountability ratio for the period ending February 20, 2024.

Ms. Mireles then fielded questions from Director Cutler regarding invoices in MMIA's report. Ms. Mireles stated she would further investigate such matters and contact Director Cutler regarding her findings.

A discussion ensued regarding the need for repairs to the District's Water Plant cooling tower with regard to the fan blades. Upon motion by Director Bock, seconded by Director Cutler, after full discussion and with all Directors present voting aye, the Board voted unanimously to authorize the purchase of parts for the cooling tower at a cost of \$13,000.00 and blades at a cost not to exceed \$5,000.00.

Ms. Mireles then noted that MMIA had no recommended changes to the District's Emergency Response Plan.

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; 2) authorize termination of service to delinquent accounts in accordance with the provisions of the District's Rate Order.

It was noted that a District resident installed a bulkhead that was near the District's previously-discussed drainage easement.

11. **General Maintenance of District Administration Building.** Director Haymon noted that two (2) security cameras at the Administration Building were not working properly and needed to be repaired.

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

13. **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. Adams reported that the developer had not yet closed on the subject property.

Review Director disqualifications standards for missing Board meetings. Ms. Adams then reviewed the statutes regarding the procedures for disqualification of Directors for missing Board meetings. A discussion amongst the Directors ensued.

14. **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 7:00 p.m.

Passed and approved this 17th day of April, 2024.



Secretary, Board of Directors

(DISTRICT SEAL)

