

FAR HILLS UTILITY DISTRICT
MINUTES OF BOARD OF DIRECTORS MEETING

May 23, 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, May 23, 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, except Director Shelly, thus constituting a quorum. Consultants in attendance were: Ms. Meredith King, attorney and Ms. Raechel Rodriguez, legal assistant, of Radcliffe Adams Barner PLLC ("RAB"), attorney for the District; Messrs. Mark Ivy and 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 Blitch of Blitch 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 5:03 p.m., and declared it open for such business as may come before the Board.

1. **Public Comment.** There was no public comment.
2. **Operations Report.** Mr. Ivy reported that a customer requested the Board waive their sewer fees on the date the customer fills their newly constructed pool. Upon motion by Director Kuhl, seconded by Director Cutler, after full discussion and with all Directors present voting aye, the Board voted unanimously to waive the sewer fees per the customer's request. Mr. Ivy noted that the Board may want to consider including a provision in its Rate Order for such occurrences. It was the consensus of the Board to postpone making such a revision to the Rate Order until additional revisions were necessary.
3. **Minutes.** The Board considered approval of the minutes of the April 17, 2024 regular 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 approve the minutes of the April 17, 2024 regular Board meeting.

4. **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 April, a copy of which is attached hereto. Mr. Holland reported that 96.9% of the 2023 taxes had been collected as of April 30, 2024.

Upon motion by Director Bock, seconded by Director Kuhl, after full discussion and the question being put to the Board, the Board voted unanimously to accept the Tax Assessor/Collector's Report.

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

6. **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 reported that the LevelTX Corp., developers of the Walker Tract, requested a refund of the annexation deposit in the amount of \$25,000.00 because they were not moving forward with the development of the Walker Tract. Ms. King noted that the \$192.15 charge from RAB reflected in the Bookkeeper's Report was not applicable to the Walker Tract. Mr. Holland confirmed that the refund calculation excluded such charge. A discussion ensued.

Upon motion by Director Cutler, 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 then presented the Series 2024 Bonds Debt Pro Forma Study, a copy of which is attached hereto.

7. **Review San Jacinto River Authority ("SJRA") Groundwater Reduction Plan ("GRP") rebate.** Ms. King reviewed with the Board a notice of refund to the District as a GRP participant from SJRA, a copy of which is attached hereto, in the amount of \$2,223.69, which would be applied to the District's account as a credit.

8. **Adopt Order Regarding Annual Review of Rules, Policies and Code of Ethics for Investment of District Funds (the "Investment Policy Order").** Ms. King then reviewed with the Board the Investment Policy Order. Ms. King then reported that the authorized broker list, which is required pursuant to the Texas Public Funds Investment Act and the Investment Policy, had been updated. Upon motion by Director Kuhl, seconded by Director Cutler, and after full discussion and with all Directors present voting aye, the Board adopted the Investment Policy Order, including the amended broker list, a copy of which is attached hereto.

9. **Review and approve Amended Emergency Water Supply Agreement with Montgomery County Utility District No. 2 ("MCUD 2").** Ms. King reported to the Board that the Amendment to the Emergency Water Supply Agreement with MCUD 2 was prepared, but that RAB and Langford were awaiting a response from MCUD 2's engineer regarding the location of the water meter easement.

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

With regard to the Bond Application Report ("BAR"), Mr. Hardin stated that it was submitted to the Texas Commission on Environmental Quality ("TCEQ") on April 10, 2024 and declared administratively complete on April 12, 2024. Mr. Hardin reported that, based on a 60-day expedited review, approval of the BAR by the TCEQ was anticipated on or before June 12, 2024.

Mr. Hardin then that the smoke testing and manhole inspections in Shelter Bay Estates, Hawthorne Ridge and Far Hills subdivisions was completed. Mr. Hardin reported that Langford would furnish the summary of the findings and recommendations once available.

Mr. Hardin reported that the survey for the emergency interconnect with MCUD 2 was completed and that Langford would produce the final design plans and updated costs estimate for approval, once completed.

Mr. Holland exited the meeting at this time.

11. **Review District's five (5)-year capital improvement plan ("CIP") and take any necessary actions regarding same.** Mr. Hardin recommended updating the District's CIP due to reprioritization of certain projects. An extensive discussion ensued regarding installing emergency power supply to Lift Station Nos. 2 through 12. Mr. Hardin noted that construction of Water Well No. 7 would be moved to the 2035 timeframe.

Mr. Blitch exited the meeting at this time.

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 and the amended CIP, subject to the revisions, as discussed. A copy of the District's amended CIP is attached hereto.

12. **Operations Report (cont.).** Mr. Ivy reviewed the Operations Report, a copy of which is attached hereto. Mr. Ivy reported that the District had 828 connections and a 98.14% water accountability ratio for the period ending April 20, 2024.

Mr. Ivy reported that District facilities performed well during recent storm events.

In response to a question from Director Kuhl regarding that request for sewer fees be waived whilst filling their pool, Mr. Ivy explained that the customer's water meter would record the customer's water usage and that the customer would be billed accordingly.

Mr. Torres reported that MMIA was finalizing the District's 2023 Consumer Confidence Report ("CCR"). Ms. King requested MMIA send the draft 2023 CCR to RAB for review prior to finalizing and disseminating such report. Mr. Torres noted that a link to the 2023 CCR would be included in water bills and on the District's website.

Mr. Torres then reported that the assembly parts for the District's Water Plant cooling tower fan blades were still on order.

Upon motion by Director Kuhl, seconded by Director Cutler, 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) approve the 2023 CCR, subject to legal review.

13. **General Maintenance of District Administration Building.** Director Kuhl reported that the water heater was rusted and corroded on the bottom. Director Kuhl requested MMIA coordinate with a plumber to repair the water heater.

Director Cutler reported the air conditioning ("A/C") in the District Administration Building was recently recharged and that the District would receive an invoice for such service. An extensive discussion ensued regarding repairs to the A/C. Further discussion ensued regarding other potential modes of cooling the District Administration Building, such as small in-room cooling units. Director Kuhl stated he would have a contractor look at the A/C system and make a recommendation on the best way to improve such system.

Mr. Ivy reported that the projector screen fell from the sheetrock. A discussion ensued regarding the cost to reinstall the projector screen. Directors Haymon and Kuhl recommended purchasing a television with HDMI connections. A discussion ensued regarding the size and price of the television. 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 Directors Haymon and Kuhl to purchase a television for a cost not to exceed \$2,000.00.

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 MMIA to replace the water heater at the District Administration Building.

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

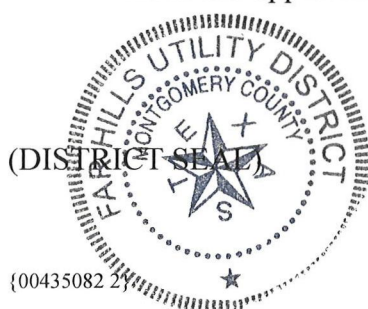
15. **Attorney's Report.** Ms. King stated she had nothing further to report.

16. **Engineer's Report (cont.).** Mr. Hardin reported that he received a telephone call from a potential developer for the Walker Tract since it had been placed back on the market.

17. **Operations Report (cont.).** A discussion ensued regarding the Out-of-District Service Agreement with Mr. Dale Lanier and whether the portion of land where a tiny home was recently constructed was serviced under such agreement. Mr. Ivy stated that MMIA would look further into the matter.

18. **Adjournment.** There being no further business to come before the Board, the meeting was adjourned at 6:29 p.m.

Passed and approved this 19th day of June, 2024.



Assistant Secretary, Board of Directors