

FAR HILLS UTILITY DISTRICT
MINUTES OF BOARD OF DIRECTORS MEETING

August 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, August 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, except Director Cutler, 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; and Mr. Bill Blich of Blich Associates, Inc., financial advisor for the District. Also in attendance was Mr. J. McIntyre, a District resident.

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 5:00 p.m., and declared it open for such business as may come before the Board.

1. **Public Comment.** Mr. McIntyre introduced himself to the Board as a new resident of the Twin Shores subdivision.
2. **Minutes.** The Board considered approval of the minutes of the July 11, 2024 regular Board meeting. Upon motion by Director Kuhl, seconded by Director Bock, after full discussion and with all Directors present voting aye, the Board voted unanimously to approve the minutes of the July 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, Ms. Adams reviewed with the Board the Tax Assessor/Collector's Report for the month of June, a copy of which is attached hereto. Ms. Adams reported that 98.08% of the 2023 taxes had been collected as of June 30, 2024.

Upon motion by Director Shelly, 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.

4. **Discuss District's status as a developed or developing district under Texas Tax Code.**

Ms. Adams then explained that the Board was required to determine whether the District was considered a "developing" or "developed" district for the purposes of Texas Water Code, Sections 49.236 and 49.23603. Ms. Adams explained that under the statutory definition of the terms, the District appeared to be a developing district because it is still issuing debt to fund capital improvements to District facilities in order to serve 95% of the District. Ms. Adams further noted that, if the Board determined that the District was developing, the District may adopt a tax rate in an amount that did not exceed 1.08 times the amount of tax imposed by the District in the 2024 tax year. Ms. Adams reminded the Board that the District was determined to be a developing district in 2023.

Upon motion by Director Shelly, seconded by Director Kuhl, after full discussion and with all Directors present voting aye, the Board voted unanimously to determine to classify the District as a developing district for tax rate calculation purposes.

5. **Discuss 2024 tax rate setting process, hear Financial Advisor's recommendation, authorize publication of proposed tax rate, and establish public hearing date regarding same.**

Mr. Blich then distributed copies of the 2024 tax rate recommendation to the Board, a copy of which is attached hereto. After some discussion with the Board, Mr. Blich recommended a proposed total ad valorem tax rate of \$0.64 per \$100 assessed valuation, comprised of \$0.322 per \$100 assessed valuation for debt service purposes and \$0.318 per \$100 assessed valuation for operation and maintenance purposes.

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 publication of the proposed 2024 tax rate of \$0.64 per \$100 assessed valuation consisting of \$0.322 per \$100 valuation for debt service purposes and \$0.318 per \$100 valuation for operation and maintenance purposes, in the *Courier of Montgomery County*.

Upon motion by Director Bock, seconded by Director Shelly, after full discussion and with all Directors present voting aye, the Board voted unanimously to schedule the public tax hearing to be held on September 12, 2024 at 5:00 p.m. at the District's office.

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

7. **Bookkeeper's Report.** On behalf of Myrtle Cruz, Inc., the District's bookkeeper, Ms. Adams presented the Bookkeeper's Report, including the Investment Report, Budget Summary, Energy Usage Report and Billing/Collection Report, copies of which are attached hereto.

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

8. **Update on status of proposed sale of the District's Unlimited Tax and Revenue Bonds, Series 2024 (the "Series 2024 Bonds").** Mr. Blitch then updated the Board on the status of the proposed sale of the District's Series 2024 Bonds and noted that the draft staff memorandum and consent order from the Texas Commission on Environmental Quality ("TCEQ") was received but contained incorrect information and that the District was awaiting the TCEQ's revisions. Mr. Blitch stated that he anticipated the sale of the Series 2024 Bonds to be held on September 12, 2024.

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

Mr. Hardin reported that the design phase of the emergency interconnect with Montgomery County Utility District No. 2 ("MCUD No. 2") was ongoing, and that Langford would produce the final plans and updated costs estimate for approval, once completed. Mr. Hardin stated that Langford was awaiting a response from MCUD No. 2's engineer regarding the location of the water meter.

Mr. Hardin then stated that the field work for the smoke testing and manhole inspections in Shelter Bay Estates, Hawthorn Ridge and Far Hills subdivisions was completed. Mr. Hardin reported that Langford received the initial contractor's field reports on June 25, 2024 and had reviewed the information provided by the contractor. Mr. Hardin noted that Langford advised the contractor of several deficiencies in the field report and was awaiting additional data from the contractor. Mr. Hardin noted that a draft of the inspection summaries was attached to the Engineer's Report and that final inspection summaries and cost estimates for repairs would be provided as soon as available.

10. **Review and amend District's Drought Contingency Plan ("DCP"), as necessary.** Mr. Hardin then reviewed with the Board the District's DCP, a copy of which is attached hereto, and noted Langford's recommended changes.

Mr. Blitch 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 Engineer's Report; and 2) amend the District's DCP.

11. **Operations Report.** Ms. Mireles reviewed the Operations Report, a copy of which is attached hereto. Ms. Mireles reported that the District had 830 connections and a 98.29% water accountability ratio for the period ending July 19, 2024.

Mr. Torres updated the Board on the status of the cooling tower repairs and stated that the fans for such repairs would be delivered later in the month.

Mr. Torres reported that there was sludge in the clarifier at the District's Wastewater Treatment Plant (the "STP") and that the lines needed to be televised to determine the issue(s).

Mr. Torres went on to present to the Board a proposal from PM Utility Services ("PM") for the installation of an alarm system on the District's generator in the amount of \$9,550.00, a copy of which is attached hereto.

Mr. Torres then explained to the Board that it was necessary for the District to rent a crane to install the fans in the cooling towers. A discussion ensued regarding the cost per day for a crane rental. Upon motion by Director Bock, seconded by Director Kuhl, after full discussion and with all Directors present voting aye, the Board voted unanimously to authorize Langford and MMIA to further review the crane rental matter and obtain proposals for same.

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 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 PM for the installation of an alarm system on the generator in the amount of \$9,550.00.

A discussion ensued regarding the illegal out-of-District water connection on Cude Cemetery Road. MMIA reported that it placed a door hanger regarding the illegal connection at the property. Director Kuhl noted that the line had since been disconnected. The Board requested that MMIA continue to monitor the situation.

Director Haymon stated that he recommended the Board consider transferring its internet and phone services to Tachus Fiber Internet ("Tachus"). Director Shelly stated she had a conflict of interest pertaining to this matter and abstained from any discussion and deliberation on this matter. A discussion ensued regarding the costs for phone and internet services with Tachus. Upon motion by Director Kuhl, seconded by Director Bock, after full discussion the Board voted three (3) votes in favor and one (1) abstention, with Director Shelly abstaining, to authorize Director Haymon to transfer the District's internet and phone services to Tachus.

12. **General Maintenance of District Administration Building.** Director Kuhl reported that he received two (2) proposals for the renovation of the District Administration Building that he would disseminate to the Board. A discussion ensued regarding mini-split air conditioning systems instead of a full HVAC system.

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

14. **Authorize attendance at Association of Water Board Directors-Texas ("AWBD") Fall Seminar and Mid-Winter Conference.** The Board then discussed authorizing the Directors' attendance at the AWBD Fall Seminar and Mid-Winter Conference in Austin, Texas on January 24-25, 2025. Upon motion by Director Kuhl, seconded by Director Shelly, and after full discussion with all Directors present voting aye, the Board voted unanimously to authorize the Director's attendance at the AWBD Fall Seminar and Mid-Winter Conference.

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

Mr. Hardin exited the meeting at this time.

16. **Election Agenda.** The Board discussed the November 5, 2024 Directors Election (the "Election"). Ms. Adams noted that Directors Shelly and Cutler were the incumbents.

Ms. Adams then presented an Order Calling Directors Election for the Board's review. Upon motion by Director Kuhl, seconded by Director Bock, after full discussion and with all Directors present voting aye, the Board adopted the Order Calling Directors Election, a copy of which is attached hereto. Upon motion by Director Shelly, seconded by Director Kuhl, after full discussion and with all Directors present voting aye, the Board voted unanimously to schedule the canvassing date for November 15, 2024 at 12:00 p.m., if necessary.

17. **Adjournment.** There being no further business to come before the Board, and upon motion by Director Bock, seconded by Director Shelly, after full discussion and with all Directors present voting aye, the Board voted unanimously to adjourn the meeting at 6:22 p.m.

Passed and approved this 12th day of September, 2024.



Assistant

A handwritten signature in black ink, appearing to read "D. Bock", written over a horizontal line.

Secretary, Board of Directors