

FAR HILLS UTILITY DISTRICT
MINUTES OF BOARD OF DIRECTORS MEETING

October 10, 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, October 10, 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 Directors Shelly, thus constituting a quorum. Consultants in attendance were: Ms. Regina D. Adams (via teleconference), attorney, and Ms. Raechel Rodriguez, legal assistant, of Radcliffe Adams Barner PLLC ("RAB"), attorney for the District; Mr. Terry Holland of Myrtle Cruz, Inc. (the "Bookkeeper"), bookkeeper for the District; Mr. Mark Ivy and Ms. Erika Mireles 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. Mike Others of McCall Gibson Swedlund Barfoot PLLC ("McCall" or the "Auditor"), auditor 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 5:03 p.m., and declared it open for such business as may come before the Board.

1. **Public Comment.** There was no public comment.
2. **Minutes.** The Board considered approval of the minutes of the September 12, 2024 regular Board meeting. 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 minutes of the September 12, 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 stated that the September Tax Assessor/Collector's Report was not available at the time of the meeting.
4. **Delinquent Tax Attorney's Report.** The Board then reviewed the Delinquent Tax Report prepared by Perdue Brandon Fielder Collins & Mott, LLP., the District's Delinquent Tax Attorney, a copy of which is attached hereto.

The President called the public hearing for termination of water for non-payment of delinquent tax accounts to order. The President invited anyone to speak on the termination of service for non-payment of delinquent tax accounts and noted that there were no parties present to offer public comment. Ms. Rodriguez noted that there were five (5) delinquent accounts slated for termination. The public hearing was adjourned.

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 termination of service to eligible delinquent tax accounts.

5. **Bookkeeper's Report.** Mr. Holland presented to the Board the Bookkeeper's Report, including the Investment Report, Budget Summary, Energy Usage Report, Billing/Collection Report and draft Fiscal Year Ending ("FYE") December 31, 2025 Budget (the "2025 Budget"), copies of which are attached hereto.

Mr. Holland requested consultant input on the 2025 Budget.

In response to question from Director Cutler, Mr. Ivy explained that the charge on the Operator's invoice for "SCADA 1 year service for the alarm system" was the annual maintenance fee for the software license for the District's alarm system.

Director Haymon confirmed that the County would be utilizing the District's administration building as a polling place for the November 5, 2024 Election.

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

6. **Update on status of proposed sale of the District's Unlimited Tax and Revenue Bonds, Series 2024 (the "Series 2024 Bonds").** Mr. Blitch updated the Board on the status of the closing of the District's Series 2024 Bonds, noting that the closing letters would be sent soon thereafter and the Series 2024 Bonds were scheduled to close on October 17, 2024. Ms. Adams noted that receipt of the preliminary approval letter from the Office of the Texas Attorney General ("AG") was anticipated for the following day.

Ms. Adams then reviewed with the Board the new statutory requirements for reimbursements from bond proceeds. Ms. Adams reported that the AG now required, amongst other items, resolutions approving developer reimbursement agreements be submitted as part of the AG bond transcripts. Ms. Adams also noted that Directors Haymon and Kuhl certified the approval of the reimbursement agreement and the assignment of same with French Quarter & Lake Breeze Properties, LLC ("FQLBP") (formerly known as FQ/LB, L.P. and Broussard Christie, L.P.) due to when the reimbursement agreement and assignment were approved in lieu of a resolution approving such agreement.

Ms. Adams further reported that the Developer's Receipt and Utility System Conveyance documents for FQLBP were executed.

Mr. Others then reviewed with the Board the Report on Applying Agreed-Upon Procedures to Construction, Engineering and Related Costs Reimbursable to FQLBP from Proceeds of the 2024 Bonds (the "Reimbursement Audit"), a copy of which is 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 accept the Reimbursement Audit.

Upon motion by Director Kuhl, seconded by Directory Bock, after full discussion and with all Directors present voting aye, the Board voted unanimously to accept conveyance of utilities from FQLBP upon FQLBP receiving its reimbursement, subject to the closing of the Series 2024 Bonds.

Ms. Adams exited the meeting at this time.

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

Mr. Blitch exited the meeting at this time.

Mr. Hardin reported that the design phase of the emergency interconnect with Montgomery County Utility District No. 2 ("MCUD No. 2") was ongoing with the plan set estimated at 75% complete. Mr. Hardin stated that Langford anticipated initial regulatory agency submittals later in October. Mr. Hardin noted that Langford would produce the final design plans and updated cost estimate for approval once completed.

Mr. Hardin then reported that the deficiencies and repair recommendations related to the smoke testing and manhole inspections in Shelter Bay Estates, Hawthorn Ridge and Far Hills subdivisions were provided to MMIA for repairs. Mr. Hardin then reviewed same with the Board. Mr. Hardin reported that TACHUS bored through a manhole resulting in a crack. A discussion ensued regarding the District's recourse against TACHUS. Mr. Hardin then recommended final payment to HydroClear Services, LLC ("HydroClear") for the inspection of 42 manholes in the amount of \$4,200.00, a copy of such invoice is attached to the Engineer's Report.

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 Engineer's Report and authorize payment to HydroClear in the amount of \$4,200.00.

8. **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 96.78% water accountability ratio for the period ending September 20, 2024.

Ms. Mireles reported that the fans for the cooling tower repairs were received and that MMIA was awaiting the crane to install same.

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

9. **Review and approve Amended and Restated Professional Services Agreement with MMIA (the "Professional Services Contract").** Mr. Ivy extensively reviewed with the Board the proposed amendments to the Professional Services Contract with MMIA and updated consumer price index, copies of which are attached hereto. Upon motion by Director Haymon, seconded by Director Bock, after full discussion and with all Directors present voting aye, the Board voted unanimously to approve the amendment to the Professional Services Contract with MMIA to be effective January 1, 2025.

Director Haymon inquired about two (2) charges for televising lines in the Operator's invoices. Director Kuhl noted that he requested MMIA televise one (1) line. Mr. Ivy reported that one (1) line was also televised during a smoke test repair.

10. **General Maintenance of District Administration Building.** Director Kuhl reviewed with the Board three (3) proposals for the renovation of the District Administration Building, copies of which are attached hereto. An extensive discussion ensued regarding the viability of a "mini-split" air conditioning ("A/C") system.

The Board further discussed the proposed scope of work. It was the consensus of the Board to perform a complete renovation of the District Administration Building. Further discussion ensued regarding the A/C system.

Mr. Hardin exited the meeting at this time.

11. **District facility landscape matters.** A discussion ensued regarding whether the Clear View Lift Station was on the list for mowing. Director Cutler stated he would confirm with Duffy Lawn Care, the District's landscape services provider, that the Clear View Lift Station was being mowed.

12. **General Maintenance of District Administration Building (cont.).** Director Cutler stated that the proposal from Service Master Recovery by CGI Restoration Services, LLC ("Service Master") in the amount of \$36,213.34 included the standard A/C system that the District then-currently utilized and the full renovation of the District Administration Building, including the water heater replacement. Upon motion by Director Bock, seconded by Director Cutler, after full discussion and with all Directors present voting aye, the Board voted unanimously to accept the proposal from Service Master in the amount of \$36,213.34.

13. **Attorney's Report.** Ms. Rodriguez stated she had nothing further to report.

14. **Annual review of consultants' contracts.** Upon motion by Director Kuhl, seconded by Director Bock, after full discussion and with all Directors present voting aye, the Board voted unanimously to acknowledge its review of the District's consultant contracts.

15. **Adjournment.** There being no further business to come before the Board, and upon motion by Director Kuhl, seconded by Director Cutler, after full discussion and with all Directors present voting aye, the Board voted unanimously to adjourn the meeting at 6:41 p.m.

Passed and approved this 14th day of November, 2024.


Secretary, Board of Directors

