

FAR HILLS UTILITY DISTRICT
MINUTES OF BOARD OF DIRECTORS MEETING

February 14, 2019

The Board of Directors (the "Board") of Far Hills Utility District (the "District") met in regular session, open to the public, at 5:00 p.m., at the District's office, 10320 Cude Cemetery Road, located within the boundaries of the District, on Thursday, February 14, 2019, 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
H. Douglas Hall	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 of Radcliffe Bobbitt Adams Polley PLLC ("RBAP"), attorneys for the District; Ms. Erika Mireles of M. Marlon Ivy & Associates, Inc. (the "Operator"), operators for the District; Messrs. Tim Hardin, P.E., and Omar Rodriguez, E.I.T., of Langford Engineering, Inc. ("Langford" or the "Engineer"), engineers for the District; Mr. Bill Blich of Blich & Associates, Inc., financial advisor for the District; and Mr. Terry Holland of Myrtle Cruz, Inc. (the "Bookkeeper"), bookkeepers for the District. Also in attendance were Messrs. Charles E. Simmons and Judd Welling of the Park on the Lake RV Park (the "RV Park").

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.** There were no public comments at this time.
2. **Minutes.** The Board considered approval of the regular meeting minutes of January 10, 2019. Upon motion by Director Hall, seconded by Director Shelly, after full discussion and with all Directors present voting aye, the Board approved the regular meeting minutes of January 10, 2019, as presented.
3. **Tax Assessor/Collector's Report.** On behalf of the Montgomery 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 88.08% of the 2018 taxes have been collected as of January 31, 2019. Upon motion by Director Kuhl, seconded by Director Cutler, after full discussion and with all Directors present voting aye, the Board approved the Tax Assessor/Collector's Report, as presented.

4. **Adopt Order Determining Ad Valorem Tax Exemptions.** The Board next considered approval of tax exemptions for the 2019 tax year, including homestead exemptions for residents 65 years of age and older, and disabled residents. Ms. Adams reported that, in 2018, the Board granted a homestead exemption of \$30,000 for disabled persons or persons 65 years of age or older.

Mr. Blich then provided a Tax Exemption Study, a copy of which is attached hereto, for the Board's review. Mr. Blich stated that 145 property owners within the District qualify for the 65 years of age and older exemption and seven (7) property owners within the District qualify for the disability tax exemption. Mr. Blich recommended that the Board review this matter each year to determine whether to implement a general homestead exemption or to increase the homestead exemption for those who are disabled or who are 65 years of age or older.

Upon motion by Director Cutler, seconded by Director Kuhl, and after full discussion with all Directors present voting aye, the Board agreed to retain the same exemptions for 2019 as were approved in 2018, and adopt the Order Determining Ad Valorem Tax Exemptions, a copy of which is attached hereto.

5. **Adopt Resolution Authorizing Petition Challenging Appraisal Records.** Ms. Adams then reviewed the Resolution Authorizing Petition Challenging Appraisal Records with the Board. Ms. Adams explained that such resolution will allow Ms. McRae to represent the District in filing protests with Montgomery County Appraisal District (the "MCAD"), and in other matters before MCAD. Upon motion by Director Kuhl, seconded by Director Shelly, and after full discussion with all Directors present voting aye, the Board adopted the Resolution Authorizing Petition Challenging Appraisal Records, a copy of which is attached hereto.

6. **Resolution Implementing Penalty on 2018 Delinquent Taxes and Contracting with Attorneys to Collect Delinquent Taxes.** Ms. Adams then reviewed the Resolution Implementing Penalty on 2018 Delinquent Taxes and Contracting with Attorneys to Collect Delinquent Taxes with the Board. Upon motion by Director Kuhl, seconded by Director Cutler, after full discussion with all Directors present voting aye, the Board adopted the Resolution Implementing Penalty on 2018 Delinquent Taxes and Contracting with Attorneys to Collect Delinquent Taxes, a copy of which is attached hereto.

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. Upon motion by Director Shelly, seconded by Director Hall, after full discussion and with all Directors present voting aye, the Board approved the Bookkeeper's Report, as presented.

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

Mr. Hardin reminded the Board that it previously awarded the contract for the Water Plant ("WP") emergency generator to B-5 Construction Co., Inc. ("B-5") for \$184,355.00. Mr. Hardin stated that construction is complete and the final inspection and start-up are scheduled for February 18, 2019 at 10:00 a.m. Mr. Hardin reviewed with the Board photographs

of the construction, copies of which are attached to the Engineer's Report. Mr. Hardin then noted that no pay estimate was submitted during the month. Mr. Hardin stated that the total work completed to-date is \$175,473.30.

Regarding the Lift Station and Force Main to serve the RV Park owned by WGB RV Park on the Lake, LLC, Mr. Hardin reported that the design is complete and Langford has received the updated plans that reflect work completed along Cude Cemetery Road. Mr. Hardin stated that Langford plans to advertise the project for bids beginning February 19, 2019 and plans to accept bids on March 12, 2019.

Messrs. Simmons and Welling exited the meeting at this time.

Regarding the development of ClearView Estates ("ClearView") by Clearlake Asset Management, LLC, Mr. Hardin then reported that Langford is proceeding with the design of the following District improvements to serve ClearView: 1) drainage improvements (extension of 48-inch ("48") storm sewer line to Lake Conroe); 2) Lift Station No. 1 improvements (wet well rehabilitation and pumps/control upgrades); and 3) WP improvements (booster pumps and hydropneumatic tank). Mr. Hardin added that Langford has received and completed initial review of the plans for the internal water, sewer, drainage and paving improvements to serve ClearView. Mr. Hardin noted that Langford reviewed the construction plans for a second (2nd) time and comments were provided to ClearView's engineer for correction on February 6, 2019.

Regarding the status of development of the French Quarter and Lake Breeze subdivisions, Mr. Hardin noted that Langford is proceeding with the design of the water, sewer, drainage and paving improvements to serve the remaining vacant acreage owned by FQ/LB, L.P. ("FQ/LB").

Mr. Hardin then reported that Langford is in the process of updating the status of all the District's capital improvements and will prepare a long-range Capital Improvement Plan for the District's review. Mr. Hardin addressed various questions from Directors Cutler and Hall in connection with development and related drainage responsibilities including Montgomery County's responsibility to maintain county road side ditches.

Upon motion by Director Kuhl, seconded by Director Shelly, and after full discussion with all Directors present voting aye, the Board approved the Engineer's Report.

9. **Attorney's Report including:**

Discuss District's Development Policies in light of the City of Conroe's (the "City") plan review/oversight removal ordinance adoption. Ms. Adams then reported that the City recently adopted Ordinance No. 2441-18, which amends Chapter 94 of the City's Code of Ordinances by withdrawing the application of the City's subdivision regulations to areas within its extraterritorial jurisdiction (among other minor amendments). Ms. Adams recommended the Board consider creating and adopting a District development policy in light of the adoption of such ordinance. A discussion ensued. Upon motion by Director Cutler, seconded by Director Kuhl, and after full discussion with all Directors present voting aye, the Board authorized RBAP to prepare a draft development policy for the District for the Board's review at the March Board meeting.

10. **Operations Report.** Ms. Mireles then reviewed the Operations Report, a copy of which is attached hereto. Ms. Mireles reported that the District has 529 connections and a 94.6% water accountability ratio for the period ending January 22, 2019.

Ms. Mireles then reviewed with the Board the delinquent list, a copy of which is attached to the Operations Report.

In response to a question from Director Cutler regarding the recent TCEQ Notice of Violation for Lead Sampling, Ms. Mireles stated that her office contacted the TCEQ on February 1st to inquire as to why the District incurred such violation. Ms. Mireles went on explain that the Operator did send the certificate of testing to the TCEQ well before the deadline of October 8, 2018. Ms. Mireles stated that the TCEQ informed the Operator that it located the appropriate documentation and the TCEQ's system was updated on February 1st showing the District is in compliance.

The Board then reviewed with Ms. Mireles photographs of the STP site and the onsite dumpster and potential drainage site work. A discussion ensued. Ms. Mireles stated she would contact Republic Waste regarding same.

Upon motion by Director Kuhl, seconded by Director Hall, after full discussion and with all Directors present voting aye, the Board: 1) approved the Operations Report; 2) authorized termination of service to the delinquent accounts in accordance with the provisions of the District's Rate Order; 3) authorized the Operator to contact Republic Waste to request a new small garbage dumpster for the STP; and 4) authorized the Operator to perform the necessary dirt and drainage work at the STP site as discussed.

11. **Adopt Order Declaring Surplus Property and Authorizing Sale of Surplus Property (Refrigerator) (the "Order").** Ms. Adams stated that the Board noted at the January Board meeting that the District's refrigerator in the Administration Building is no longer fully operational and needs replacement. Upon motion by Director Hall, seconded by Director Shelly, after full discussion and with all Directors present voting aye, the Board adopted the Order Declaring Surplus Property and Authorizing Private Sale of the refrigerator, a copy of which is attached hereto, and set the fair market value at \$5.00.

Ms. Mireles reported that a new refrigerator has been purchased and installed in the District's Administration Building kitchen.

12. **Discuss Insurance Renewal; Obtain Proposals.** Upon motion by Director Hall, seconded by Director Shelly, after full discussion and with all Directors present voting aye, the Board authorized Director Kuhl to obtain an insurance proposal from the District's current insurance broker, Arthur J. Gallagher/Highpoint. Director Kuhl stated that he will review the proposal prior to presentation of same to the Board.

13. **Authorize Engineer to prepare updated values for insurance purposes.** Upon motion by Director Kuhl, seconded by Director Shelly, after full discussion and with all Directors present voting aye, the Board authorized the Engineer to prepare the updated District property values.

14. **Authorize Attendance at Association of Water Board Directors – Texas ("AWBD") Spring Breakfast and Annual Conference.** Upon motion by Director Kuhl, seconded by Director Hall, after full discussion and with all Directors present voting aye, the Board authorized the Directors' attendance at the AWBD Spring Breakfast and Annual Conference.

15. **Authorize use of District Administration Building for Montgomery County (the "County") general elections on May 4, 2019 and November 5, 2019 (the "Elections").** Director Kuhl reviewed with the Board correspondence received inquiring whether the County could utilize the District's Administration Building for the Elections. Upon motion by Director Cutler, seconded by Director Shelly, after full discussion and the question being put to the Board, the Board voted unanimously to authorize the County's use of the District's Administration Building for the Elections, and RBAP to complete and return the 2019 Polling Location Information Sheet to the County.

16. **District Website Report, including discuss and take necessary action in connection with website access.** Director Haymon presented to and reviewed with the Board a summary of the District's website usage, a copy of which is attached hereto.

17. **Adjournment.** There being no further business to come before the Board, the President adjourned the meeting.

Passed and approved this 20th of March, 2019.



M. Shelly

Secretary, Board of Directors