

FAR HILLS UTILITY DISTRICT
MINUTES OF BOARD OF DIRECTORS MEETING

September 9, 2021

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, September 9, 2021 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, attorney, and Ms. Raechel Rodriguez (via teleconference), legal assistant, of Radcliffe Bobbitt Adams Polley PLLC ("RBAP"), attorney for the District; Mr. Mark Ivy and Ms. Erica Mireles of M. Marlon Ivy & Associates, Inc. ("MMIA" or the "Operator"), operator for the District; Mr. Craig Hajovsky, 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 Blich of Blich Associates, Inc., financial advisor for the District. Also in attendance was Mr. Garrick Broussard, a resident of 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 5:02 p.m., and declared it open for such business as may come before the Board.

1. **Public Comment.** Mr. Broussard stated he received an excessive water bill for 21,000 gallons of water. Mr. Broussard reported that no leaks were found on his property and security cameras did not reveal theft of his water so he cannot discern the reason for a high usage bill. Ms. Mireles stated that MMIA could further investigate by checking the meter reads to determine what date usage spiked. Mr. Broussard stated MMIA previously determined that the spike occurred on August 3, 2021 but he was not aware of the spike until August 27, 2021.

Ms. Mireles stated MMIA would further investigate and contact Mr. Broussard with any additional information.

Mr. Broussard exited the meeting at this time.

2. **Minutes.** The Board considered approval of the regular meeting minutes of August 12, 2021. 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 regular meeting minutes of August 12, 2021, as presented.

3. **Public Hearing on Proposed 2020 Tax Rate.** Director Haymon next called the public hearing on the 2021 tax rate to order, notice of which was published, as required, in the *Conroe Courier* at least seven (7) days prior to the meeting. Mr. Blich noted that the proposed tax rate was \$0.67 per \$100 of assessed valuation, comprised of \$0.325 per \$100 assessed valuation for debt service purposes and \$0.345 per \$100 assessed valuation for operation and maintenance purposes. There being no comments from the public, the public hearing was adjourned.

4. **Adopt Order Setting Rate and Levying Tax for 2021 (the "Tax Rate Order").** The Board then considered adoption of the Tax Rate Order. Upon motion by Director Cutler, seconded by Director Kuhl, and after full discussion with all Directors present voting aye, the Board voted unanimously to adopt the Tax Rate Order, with a total ad valorem tax rate of \$0.67 per \$100 of assessed value for tax year 2021, comprised of \$0.325 per \$100 assessed valuation for debt service purposes and \$0.345 per \$100 assessed valuation for operation and maintenance purposes for the fiscal year ending ("FYE") December 31, 2022. A copy of the Tax Rate Order is attached hereto. Directory Shelly was absent for the vote.

5. **Approve Amended and Restated District Information Form ("DIF").** Ms. Adams then reviewed the DIF with the Board, a copy of which is attached hereto, which is required to be amended to show the current tax rate, the outstanding debt and the Notice to Purchasers form, and is to be recorded in the Montgomery County Real Property Records (the "MCRPR") and filed with the Texas Commission on Environmental Quality (the "TCEQ"). The Board tabled this item until later in the Board meeting.

6. **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 July, a copy of which is attached hereto. Mr. Holland explained that the report for August was not yet available but would be distributed upon receipt. Mr. Holland reported that 99.27 % of the 2020 taxes have been collected as of July 31, 2021. Upon motion by Director Kuhl, seconded by Director Bock, and after full discussion with all Directors present voting aye, the Board voted unanimously to approve the Tax Assessor/Collector's Report.

7. **Delinquent Tax Attorney's Report.** Ms. Adams stated there was not a Delinquent Tax Attorney's Report for the month.

8. **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. A discussion ensued regarding the FYE December 31, 2021 Budget and various expense line items in same.

In response to a question from Director Cutler regarding the Operator's invoice, Mr. Ivy explained that call-out charges are only applied when MMIA has to respond in-person outside of regular business hours.

Director Shelly entered the meeting at this time.

Upon motion by Director Bock, seconded by Director Cutler, 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 therein.

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

Regarding construction of water, sewer and drainage facilities to serve Clear View Estates ("Clearview"), Mr. Hajovsky reported that Langford continues to coordinate with Clearlake Asset Management, LLC ("Clearlake"), the developer of Clearview, and Clearlake's engineer to clear the project for final acceptance.

Regarding the status of development of the remaining acreage owned by FQ/LB, L.P. in the French Quarter and Lake Breeze subdivisions, Mr. Hajovsky reported that contracts for French Quarter, Section 4 have been delivered to CE Barker, Ltd. for execution.

Mr. Hajovsky next reviewed the Board's request to run a water supply line directly from Water Well No. 6 ("WW6") to Ground Storage Tank No. 1 ("GST1") ("Water Supply Piping Project"). Mr. Hajovsky reported that Langford received bids on September 3, 2021. The bid tabulation is included in the Engineer's Report. LEI recommends awarding the Water Supply Piping Project to Wright Solutions, LLC. A copy of LEI's written recommendation is attached to the Engineer's Report. A discussion ensued regarding various line item pricing differences between the bids.

Mr. Hajovsky reminded the Board that it previously determined to accept the bid from Texas Aquastore, Inc. ("Texas Aquastore") in the amount of \$67,388, for the rehabilitation of GST 1, such that the GST 1 rehabilitation would immediately follow completion of the Water Supply Piping Project, which is estimated to be complete, as scheduled, by the end of 2021.

Mr. Hajovsky reported that Texas Pollutant Discharge Elimination System ("TPDES") Discharge Permit WQ0014555002 will expire June 1, 2022 and the deadline for the renewal application is December 3, 2021, which is 180 days prior to expiration. Mr. Hajovsky requested the Board authorize LEI to file the renewal application on behalf of the District.

Upon motion by Director Shelly, seconded by Director Kuhl, and after full discussion with all Directors present voting aye, the Board voted unanimously to: 1) approve the Engineer's Report; 2) accept the bid from Wright Solutions, LLC in the amount of \$56,145.00 for the Water Supply Piping Project; 3) accept the bid and issue the Notice to Proceed to Texas Aquastore for the rehabilitation of GST 1; and 4) authorize preparation and filing of TPDES Discharge Permit renewal application.

10. **Review five (5)-year Capital Improvement Plan ("CIP") and take any necessary actions regarding same.** Mr. Hajovsky reviewed with the Board a draft copy of the updated CIP, a copy of which is attached to the Engineer's Report. The Board had no revisions to the CIP.

11. **Review proposed design, materials and cost estimate for District Administration Building fence.** Director Bock reported to the Board that he was communicating with six (6)

vendors for cost estimates for fencing around the District Administration Building. Director Bock further reported the estimated cost for a concrete fence is approximately \$100,000 and suggested such project may be more feasible in multiple phases. Ms. Adams cautioned the Board regarding arbitrarily phasing projects to avoid certain procurement requirements. A discussion ensued regarding the state of various portions of the fence and potential timing for replacing such fencing.

In response to a question, Director Bock stated that wood fencing would cost approximately \$32,000 - \$35,000 including demolition, removal and installation. Director Bock noted that those quotes were provided when material pricing was high and he needs to procure updated cost estimates to reflect the current pricing.

Mr. Blich exited the meeting at this time.

Further discussion ensued regarding the type of material, wood vs. concrete, desired for fencing of the District Administration Building and Water Plant. It was the consensus of the Board to table this matter until the October Board meeting.

12. **Status of installation of security cameras.** Director Haymon updated the Board on the status of the security camera installation noting that only one (1) additional camera needed to be installed before such project would be complete.

13. **Operations Report.** Mr. Ivy reviewed the Operations Report, a copy of which is attached hereto. Mr. Ivy reported that the District has 704 connections and a 97.33% water accountability ratio for the period ending August 20, 2021.

A discussion ensued regarding Mr. Broussard's leak and if an adjustment would be allowed under the District's Rate Order. Mr. Ivy stated that the Rate Order does have a provision allowing for an adjustment in the event that a leak was reported and repaired, but despite the meter showing a spike at 2 a.m. on August 3, Mr. Broussard has reported that no repairs were made. Mr. Ivy ensured MMIA would further investigate the matter.

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

Director Kuhl asked if he could report on the status of the air condition repairs and Ms. Adams suggested that a general maintenance item be added to the District's Annual Agenda in the Spring and Fall. In response to a question regarding how water districts provide authorization for various maintenance issues, Ms. Adams stated that Boards could designate committees granting limited authority to make certain decisions without a Board meeting, or in the event of public necessity, the Board has the authorization to call an emergency meeting. A discussion ensued.

Director Haymon asked Mr. Ivy about manhole no. 17045 which was reported to TCEQ. Mr. Ivy informed the Board that the individual who made the report to TCEQ did not first report any issues to MMIA and therefore MMIA did not have the opportunity to investigate and rectify

any issues prior to TCEQ opening its investigation. Mr. Ivy assured the Board that repairs were made as soon as MMIA was apprised of the situation.

14. **Attorney's Report.** Ms. Adams stated there was nothing to report at this time.
15. **Approve Amended and Restated DIR (cont.)**. Upon motion by Director Shelly, seconded by Director Kuhl, and after full discussion with all Directors present voting aye, the Board voted unanimously to approve the Amended and Restated DIF, and authorize RBAP to record same in the MCRPR and file with the TCEQ, as required by law.
16. **Adjournment.** There being no further business to come before the Board, the President adjourned the meeting at 6:19 p.m.

Passed and approved this 14th day of October 2021.



cm. Shelly
Secretary, Board of Directors