

FAR HILLS UTILITY DISTRICT

MINUTES OF BOARD OF DIRECTORS MEETING

January 13, 2022

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, January 13, 2022 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 Bock, thus constituting a quorum. Director Haymon attended via teleconference, and therefore did not participate in deliberation or votes. Consultants in attendance were: Ms. Regina Adams (via teleconference) and Ms. Sholeh Abedinzadeh, attorneys, and Ms. Raechel Rodriguez (via teleconference), legal assistant, of Radcliffe Bobbitt Adams Polley PLLC ("RBAP"), attorney for the District; Ms. Erica 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. Terry Holland of Myrtle Cruz, Inc. (the "Bookkeeper"), bookkeeper for the District; and Mr. Bill Blich of Blich Associates, Inc. ("Blich"), financial advisor for the District. Mr. Lindsey Hughey, a District resident, was also in attendance.

The Vice 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 5:01 p.m., and declared it open for such business as may come before the Board.

1. **Public Comment.** Mr. Hughey introduced himself to the Board and noted he was a resident of the District and was working with Mr. Matt Landsman in connection with the purchase of the Walker Tract, which they would ultimately like to annex into the District.
2. **Minutes.** The Board considered approval of the regular meeting minutes of December 9, 2021. Upon motion by Director Shelly, seconded by Director Cutler, after full discussion and with all Directors present voting aye, the Board voted unanimously to approve the regular meeting minutes of December 9, 2021, as presented.
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 reviewed with the Board the Tax Assessor/Collector's Report for the months of November and December, copies of which are attached hereto. Mr. Holland reported that 58.32% of the 2021 taxes had been collected as of December 31, 2021. Upon motion by Director Cutler, seconded

by Director Shelly, after full discussion and with all Directors present voting aye, the Board voted unanimously to approve the Tax Assessor/Collector's Reports.

4. **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 WGB Park on the Lake, who receives out-of-District service, that may have been sold without receipt of prior consent of the District to assign the Out-of-District Service Agreement (the "Agreement") for the property. Upon motion by Director Cutler, seconded by Director Shelly, after full discussion and with all Directors present voting aye, the Board voted unanimously to authorize RBAP to send notice to WGB Park on the Lake regarding the amounts owed to the District and the necessary approval of the assignment of the Agreement.

Mr. Blich presented to the Board an updated water and sewer rate study, a copy of which is attached hereto.

Upon motion by Director Cutler, seconded by Director Shelly, 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.

5. **Engineer's Report.** Mr. Hardin 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. Hardin reported that the project is complete and home building is continuing within the section.

Mr. Hardin further reported, regarding the District's acquisition of the ClearView Lift Station site from Clearlake Asset Management, LLC ("Clearlake"), the developer of ClearView, signatures have been obtained and LEI has no objections to accepting the Special Warranty Deed. Ms. Adams stated that, once accepted by the District, RBAP will record the executed Special Warranty Deed in the County Real Property Records.

Regarding the status of development of the remaining acreage owned by FQ/LB, L.P. in the French Quarter and Lake Breeze subdivisions, Mr. Hardin reported that construction is underway and C.E. Barker, Ltd. ("C.E. Barker"), the contractor for same, completed underground utilities for water, sewer and drainage. Mr. Hardin then presented to the Board Pay Estimate No. 1 from C.E. Barker in the amount of \$825,140.83 for water, sewer drainage and pavement improvements.

Mr. Hardin next reviewed the water supply line construction from Water Well No. 6 ("WW 6") to Ground Storage Tank No. 1 ("GST 1") project ("Water Supply Piping Project"). Mr. Hardin reported that the project is underway, and Wright Solutions, LLC ("Wright"), the contractor for such project, anticipates completion on or about February 1, 2022.

Mr. Hardin informed the Board that LEI will coordinate with MMIA to schedule the GST 1 Rehabilitation project upon completion and testing of the Water Supply Piping Project.

Mr. Hardin reported, regarding the District's Capital Improvement Plan ("CIP"), that LEI is in the process of updating cost estimates for water line replacements, well construction and an interconnect with Montgomery County Utility District No. 2 ("MCUD 2"). Mr. Hardin informed the Board that LEI expects to provide the CIP updates at the February Board meeting.

Mr. Hardin reported to the Board that LEI is in the process of preparing a District Emergency Preparedness Plan ("EPP") for submittal to the Texas Commission on Environmental Quality ("TCEQ") on or before the March 1, 2022 deadline. Mr. Hardin stated a completed draft will be provided for consultant review and District approval prior to the deadline.

Mr. Hardin requested the Board consider LEI's proposed amended Professional Services Agreement. Mr. Hardin explained that LEI was increasing its rates due to the six percent (6%) United States consumer inflation rate. Director Cutler presented to the Board his analysis regarding salary budget increases among federal employees, a copy of which is attached hereto. A discussion ensued regarding the differences between inflation rates and salary budget increases and federal employees and LEI employees. Mr. Hardin explained that, due to circumstances specific to LEI's industry and local employment rates, the proposed amendments to LEI's rates were warranted. It was the consensus of the Board to include an item on the February agenda for the Board to consider the proposed amended Professional Services Agreement with LEI.

Upon motion by Director Cutler, seconded by Director Shelly, after full discussion and with all Directors present voting aye, the Board voted unanimously to: 1) approve the Engineer's Report; 2) approve Pay Estimate No. 1 to C.E. Barker in the amount of \$825,140.83; and 3) accept the Special Warranty Deed for the ClearView Lift Station site.

6. **Operations Report.** Ms. Mireles reviewed the Operations Report, a copy of which is attached hereto. Ms. Mireles reported that the District had 735 connections and a 97.19% water accountability ratio for the period ending December 20, 2021.

Director Kuhl asked Ms. Adams for an update regarding Mr. Wayne Lanier's, an out-of-District service recipient, request for a decreased water bill due to the subdivision of his property. Ms. Adams stated that such analysis will have to be performed by Mr. Blich and MMIA, but that her understanding was that the property receiving service may have been conveyed to a different owner but she has not received a response to her inquiry regarding same. Ms. Adams explained that if the property was conveyed, then Mr. Lanier should have requested consent from the District for the assignment of the Out-of-District Service Agreement with the District prior to such conveyance. Ms. Adams stated that RBAP would again follow-up with Mr. Lanier.

Director Cutler asked Ms. Mireles if MMIA researched a charge from its December bill to which Ms. Mireles responded that the specific charge was related to an irrigation specialist.

Director Kuhl asked how the water meters in the new subdivision operated. Ms. Mireles explained that the water meters are electronic. Director Kuhl inquired if the water meters were

owned by the District. Ms. Mireles explained the District owns the water meters and purchased same in bulk because the supplier required payment in advance.

Upon motion by Director Cutler, seconded by Director Shelly, 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.

Mr. Blich exited the meeting at this time.

7. **General maintenance of District Administration Building.** Director Kuhl suggested that someone inspect the District Administration Building weekly for any potential emergency issues that may arise, such as flooding.

Director Cutler asked Director Kuhl if the contractor reached out regarding the insulation leaks. Director Kuhl stated the contractor has not.

8. **General District facility landscape matters.** Director Cutler reviewed the status of the landscaping at the Wastewater Treatment Plant ("STP") berm. Director Cutler recommended that the remaining oleanders be relocated to the STP gate. Upon motion by Director Cutler, seconded by Director Shelly, after full discussion and with all Directors present voting aye, the Board voted unanimously to authorize Duffy to relocate the remaining oleanders on the STP berm to the STP gate for a cost not to exceed \$500.00.

Director Cutler next reviewed a map of the ClearView Lift Station site, a copy of which is attached hereto. Director Cutler questioned if the District was responsible for maintenance of certain areas outside the fence line. Mr. Hardin explained that the District was responsible for the maintenance of any areas within the property line, which includes property outside the fence line. Director Cutler next recommended that the District use Round-Up to remove the grass within the fence line so that gravel can be laid. Upon motion by Director Cutler, seconded by Director Shelly, after full discussion and with all Directors present voting aye, the Board voted unanimously to authorize Director Cutler to coordinate with Duffy to remove the grass within the fence line of the ClearView Lift Station site.

9. **Annual review of the District's Emergency Response Plan ("ERP").** Ms. Adams explained that the District was required to conduct an annual review of its ERP. Mr. Hardin stated that LEI and MMIA will coordinate to review the District's ERP and update as necessary.

10. **Annual review of Director Fees of Office and Expense Reimbursement Policy (the "Reimbursement Policy").** The Board then reviewed the Reimbursement Policy, a copy of which is attached hereto. Ms. Adams stated that she is not recommending any changes to the District's Reimbursement Policy at this time.

11. **Attorney's Report, including:**

Annual review of District's Post-Issuance Tax-Exempt Debt Compliance policies. Ms. Adams explained that the District was required to conduct an annual review of its Post-

Issuance Tax-Exempt Debt Compliance policies, a copy of which is attached hereto, and that she is not recommending any changes at this time.

12. **Adjournment.** There being no further business to come before the Board, and upon motion by Director Cutler, seconded by Director Shelly, after full discussion and with all Directors present voting aye, the Board voted unanimously to adjourn the meeting at 6:08 p.m.

Passed and approved this 10th day of February, 2022.



M. Shelly
Secretary, Board of Directors