

FAR HILLS UTILITY DISTRICT
MINUTES OF BOARD OF DIRECTORS MEETING

February 10, 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, February 10, 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, thus constituting a quorum. Director Bock attended via teleconference, and therefore did not participate in deliberation or votes. Consultants in attendance were: Ms. Regina Adams and Ms. Sholeh Abedinzadeh (via teleconference), attorneys, 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. 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 Blitch of Blitch Associates, Inc. ("Blitch"), financial advisor for the District. District residents in attendance were: Mr. Sterling Rogers and Mrs. Jean Haymon.

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. **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 ("WGB") and its Out-of-District Service Agreement (the "WBG Agreement") with the District and payments for services related to same. Ms. Adams reported the WBG property was apparently sold without requesting prior consent from the District to assign the WBG Agreement to the new owner. Ms. Adams again reviewed with the Board the assignment clause requiring such consent in the WBG Agreement.

In response to questions from Director Cutler, Mr. Ivy explained various costs associated with hauling sludge and telephone service to the lift stations.

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

2. **Public Comment.** Mr. Rogers stated that his property on Bruce Road has standing water he believes due to draining the storage tanks at Water Plant ("WP") No. 1. Messrs. Ivy and Hardy and Director Haymon noted that such water flows into the stormwater inlets. Director Haymon invited Mr. Rogers to observe the draining of the tanks to ensure that it is not causing standing water on his property. Mr. Ivy requested that Mr. Rogers contact MMIA when the issue occurs so it can be investigated in real time.

Mr. Rogers exited the meeting at this time.

3. **Minutes.** The Board considered approval of the regular meeting minutes of January 13, 2022. 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 January 13, 2022, as presented.

4. **Tax Assessor/Collector's Report.** There was no report to present at this time.

5. **Adopt Order Determining Ad Valorem Tax Exemptions.** The Board next considered approval of tax exemptions for the 2022 tax year, including homestead exemptions for those residents who are 65 years of age and older or disabled. Mr. Blich reviewed the homestead tax exemption study with the Board, a copy of which is attached hereto. Ms. Adams reminded the Directors that, in 2021, the Board granted a homestead exemption of \$30,000 for disabled persons or persons 65 years of age or older. Upon motion by Director Cutler, seconded by Director Shelly, and after full discussion with all Directors present voting aye, the Board voted unanimously to retain the same exemptions for 2022 as were approved in 2021, and adopt the Order Determining Ad Valorem Tax Exemptions, a copy of which is attached hereto.

Mr. Holland exited the meeting at this time.

6. **Adopt Resolution Authorizing Petition Challenging Appraisal Records.** Ms. Adams then reviewed the Resolution Authorizing Petition Challenging Appraisal Records with the Board. Mr. Blich explained that such resolution will allow Ms. Tammy McRae, Montgomery County Tax Assessor/Collector, to represent the District in challenging certain categories of appraisal records with Montgomery County Appraisal District ("MCAD"). 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 Resolution Authorizing Petition Challenging Appraisal Records, a copy of which is attached hereto.

7. **Adopt Resolution Implementing Penalty on 2021 Delinquent Taxes and Contracting with Attorneys to Collect Delinquent Taxes.** Ms. Adams then reviewed the Resolution Implementing Penalty on 2021 Delinquent Taxes and Contracting with Attorneys to Collect Delinquent Taxes with the Board. Upon motion by Director Cutler, seconded by Director Kuhl, after full discussion with all Directors present voting aye, the Board voted unanimously to adopt the Resolution Implementing Penalty on 2021 Delinquent Taxes and Contracting with Attorneys to Collect Delinquent Taxes, a copy of which is attached hereto.

8. **Review reimbursement study and authorize preparation of bond application report.** Messrs. Hardin and Blitch reviewed with the Board the reimbursement study noting that FQ/LB, L.P. is eligible for reimbursement related to water, sewer, and drainage improvements in Lake Breeze, Section 3 and Clearlake Asset Management, LLC was eligible for reimbursement related to water, sewer, and drainage improvements to Clearview Estates. Messrs. Hardin and Blitch recommended preparation of a Bond Application Report for submission to Texas Commission on Environmental Quality ("TCEQ"). After discussion about District capital projects, it was determined to table such matter until the District capital project needs could be reviewed.
9. **Discuss insurance renewal and authorize obtaining proposal(s).** Director Kuhl reviewed with the Board the District's current insurance coverages and the need to procure proposal(s) for the upcoming insurance year. Upon motion by Director Cutler, seconded by Director Shelly, after full discussion and with all Directors present voting aye, the Board voted to unanimously to authorize Director Kuhl to obtain an insurance proposal from Arthur J. Gallagher for the 2022-2023 insurance year.
10. **Authorize Engineer to prepare updated values for insurance purposes.** The Board then discussed the valuation of the District's assets in relation to the preparation of the District's property insurance proposal. 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 Mr. Hardin to prepare updated values of the District's assets for insurance purposes.
11. **Engineer's Report.** Mr. Hardin then reviewed the Engineer's Report, a copy of which is attached hereto.

Mr. Hardin presented to the Board a request for annexation, application for service and deposit from Texas Holding Trust LLC ("THT"). Mr. Hardin noted that THT has entered into a contract to purchase 47.354 acres located adjacent to the District (the "Walker Tract"). Mr. Hardin reviewed the application which included several conceptual land plans for single family residential development on the tract, a copy of which is attached to the Engineer's Report. A discussion ensued regarding the overall annexation and development process. Upon motion by Director Shelly, seconded by Director Kuhl, after full discussion and with all Directors present voting aye, the Board voted unanimously to authorize Mr. Hardin to prepare the feasibility study for the Walker Tract.

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 water, sewer and drainage utilities. Mr. Hardin then presented to the Board Pay Estimate No. 2 from C.E. Barker in the amount of \$515,314.76 for water, sewer drainage and pavement improvements, a copy of which is attached to the Engineer's Report. A discussion ensued regarding the pavement component of the Pay Estimate and that the District would not be responsible for reimbursement of any paving not related to water, sewer and drainage.

Mrs. Haymon exited the meeting at this time.

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 complete as of earlier in the day. Mr. Hardin noted that LEI performed an interim inspection of the Water Supply Piping Project to determine any deficiencies or incomplete work.

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 presented to the Board an updated 2022 District Capital Improvement Plan ("CIP") which included water line replacements, well construction and an interconnect with Montgomery County Utility District No. 2 ("MCUD 2"). An extensive discussion ensued regarding various avenues the District could take to fund such projects.

Mr. Blitch exited the meeting at this time.

Mr. Hardin reported to the Board that LEI previously distributed a draft of the District Emergency Preparedness Plan ("EPP") to the Board and District consultants for review. 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 LEI to submit the EPP to the TCEQ, subject to final review.

Upon motion by Director Kuhl, seconded by Director Cutler, 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. 2 to C.E. Barker in the amount of \$515,314.76; 3) approve the 2022 District CIP; and 4) authorize design of the Far Hills and Hawthorne Ridge subdivisions waterline replacements.

12. **Review proposed amendment to Professional Services Contract with LEI.**

Mr. Hardin requested the Board consider LEI's proposed amended Professional Services Agreement. Director Cutler reviewed engineering rate increases that he researched. Upon motion by Director Kuhl, seconded by Director Shelly, after full discussion and with all Directors present voting aye, the Board voted unanimously to approve and authorize execution of the Second Amendment to Agreement for Professional Services Contract with LEI.

Ms. Adams suggested the Board hold a workshop meeting related to annexation, development, construction and reimbursement. It was the consensus of the Board to have RBAP coordinate same with Messrs. Hardin and Blitch.

13. **Operations Report.** Mr. Ivy reviewed the Operations Report, a copy of which is attached hereto. Mr. Ivy reported that the District had 741 connections and a 96.68% water accountability ratio for the period ending January 20, 2022.

Mr. Ivy reported the results of the water well flushing and dye tests.

Director Kuhl reported that neighbors have complained about the hardness of their water.

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.

14. **Annual review of District's Emergency Response Plan (the "ERP").** Mr. Hardin reported that LEI and MMIA are working together to review and update the District's ERP.

15. **General maintenance of District Administration Building.** Director Haymon reported that the door frames at the District Administration Building were rusting, and roof work is also required. In response to a question, Ms. Adams noted that the District's budget does include a line item for general maintenance. Mr. Hardin indicated he would obtain a proposal for the roof repairs and coordinate with Director Kuhl regarding same. Director Haymon suggested possible painting or staining the fence around the district Administration Building. A discussion ensued regarding the fence.

16. **General District facility landscape matters.** Director Cutler recommended that the crepe myrtles be removed. It was the consensus of the Board for Director Cutler to coordinate same.

17. **Authorize attendance at AWBD Spring Breakfast and Summer Conference.** Upon motion by Director Cutler, seconded by Director Kuhl, after full discussion and with all Directors present voting aye, the Board voted unanimously to authorize attendance at the AWBD Spring Breakfast and Summer Conference.

18. **Attorney's Report**

Status of various Out-of-District Service Agreements. Ms. Adams presented to the Board a request from Mr. Howard Lanier for consent from the District to assign his Out-of-District Service Agreement (the "Lanier Agreement") to Mr. Dale Lanier. Upon motion by Director Cutler, seconded by Director Kuhl, after full discussion and with all Directors present voting aye, the Board voted unanimously to authorize assignment of the Lanier Agreement to Mr. Dale Lanier and authorize RBAP to transmit correspondence to Messrs. Lanier memorializing same.

Ms. Adams noted that WBG has not requested consent from the District to assign the WBG Agreement and recommended that the District continue to bill WBG pursuant to same.

Upon motion by Director Cutler, seconded by Director Shelly, after full discussion and with all Directors present voting aye, the Board voted unanimously to accept the Attorney's Report.

19. **Adjournment.** There being no further business to come before the Board, and upon motion by Director Shelly, seconded by Director Cutler, after full discussion and with all Directors present voting aye, the Board voted unanimously to adjourn the meeting at 7:44 p.m.

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



M. Shelly
Secretary, Board of Directors