

FAR HILLS UTILITY DISTRICT
MINUTES OF BOARD OF DIRECTORS MEETING

March 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, March 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. Consultants in attendance were: Ms. Regina D. 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; and Mr. Terry Holland of Myrtle Cruz, Inc. (the "Bookkeeper"), bookkeeper for the District. Also in attendance was Mrs. Jean Haymon, a District resident.

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 5:07 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 regular meeting minutes of February 10, 2022. 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 regular meeting minutes of February 10, 2022, 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 February, a copy of which is attached hereto. Mr. Holland reported that 94.14% of the 2021 taxes had been collected as of February 28, 2022. 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 Tax Assessor/Collector's Report.

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.

Mr. Holland reported that the BBVA accounts have been formally closed. Mr. Holland further reported that the District has received payment from WGB RV Park on the Lake, LLC ("WGB"), an Out-of-District customer. Ms. Adams noted that the District has not received a request for assignment of the Out-of-District Sanitary Sewer Service Agreement between the District and WGB, so invoices should continue to be addressed to WGB.

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

5. **Review and approve insurance proposal.** Director Kuhl then reviewed with the Board the insurance renewal proposal received from Arthur J. Gallagher & Co. ("Gallagher"). Director Kuhl noted that there was an approximately \$4,000 premium increase. In response to a question, Ms. Adams noted that the District is required to maintain Workers' Compensation coverage because, for federal income tax purposes, the Directors are considered employees of the District. Upon motion by Director Kuhl, seconded by Director Shelly, after full discussion with all Directors present voting aye, the Board voted unanimously to accept the Gallagher insurance proposal, a copy of which is attached hereto.

6. **Discuss financing plan for various proposed capital improvements.** The Board tabled this item.

7. **Authorize preparation of bond application report.** The Board tabled this item.

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 Texas Holding Trust LLC ("THT") requested annexation of the 47.354 acres located adjacent to the District (the "Walker Tract"). Mr. Hardin reported that LEI is in the process of preparing a feasibility study of the Walker Tract. Mr. Hardin noted that single-family homes would not provide an adequate return on interest to THT, and it appears that townhomes are proposed by THT. Mr. Hardin noted he intends to discuss with THT the potential additional public improvements that may be warranted should townhomes be developed, such as improvements to Cude Cemetery Road. Mr. Hardin further noted that the District's facilities would require expansions/upgrades to be able to serve the approximate 300 – 400 connections required for townhomes. A discussion ensued about land use regulations and limitations on water districts related to same.

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 first stage drainage utilities. Mr. Hardin then presented to the Board Pay Estimate No. 3 from C.E. Barker in the amount of \$26,156.70 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 Mr. Hardin reiterated that the District would not be responsible for reimbursing the developer of any paving not related to water, sewer and drainage.

Mr. Hardin next reported that the water supply line construction from Water Well No. 6 ("WW 6") to Ground Storage Tank ("GST") No. 1 ("GST 1") project ("Water Supply Piping Project") was completed as of February 14, 2022.

Mr. Hardin informed the Board that MMIA scheduled the GST 1 Rehabilitation Project to begin on or about March 14, 2022. Mr. Hardin reported that WW 6 is in operation and valved to service GST 2 for the duration of the GST 1 Rehabilitation Project.

Mr. Hardin next reported that surveys of the sections of the Far Hills and Hawthorne Ridge subdivisions that will undergo water main replacements were ordered, and that final design will commence upon receipt of the topography and boundary survey data.

Upon motion by Director Shelly, 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; and 2) approve Pay Estimate No. 3 to C.E. Barker in the amount of \$26,156.70.

9. **Operations Report.** Mr. Ivy reviewed the Operations Report, a copy of which is attached hereto. Mr. Ivy reported that the District had 745 connections and a 96.68% water accountability ratio for the period ending February 21, 2022.

Mr. Ivy went on to report that there were changes in the chemistry of the water which caused discoloration due to taking the water wells off for repairs and then turning them back online. Director Kuhl suggested text notifications be sent to District residents when doing repairs such as these.

Mr. Ivy then reported to the Board that there was an overflow on Saturday, March 5, 2022, at the District's Wastewater Treatment Plant ("STP") due to a "rag ball", images of which are attached hereto. Mr. Ivy noted that the overflow did not leave the STP site. Mr. Ivy went on to answer questions from the Board regarding the overflow at the STP and reporting regarding same.

A discussion ensued regarding various MMIA service invoices.

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

10. **Annual review of District's Emergency Response Plan (the "ERP").** Mr. Hardin presented to the Board the draft District ERP. Upon motion by Director Cutler, seconded by Director Kuhl, with all Directors present voting aye, the Board voted unanimously to approve the District's ERP.

11. **General maintenance of District Administration Building.** The Board discussed the need to paint the door trims at the Administration Building. It was the consensus of the Board to table this matter.

12. **General District facility landscape matters.** Director Cutler reported the District's crepe myrtles will survive, but will need to be trimmed.

13. **Attorney's Report**

Status of various Out-of-District Service Agreements. Ms. Adams reported that the District has received the executed acknowledgement from Messrs. Howard W. Lanier and Dale Lanier thereby assigning the Out-of-District Sanitary Sewer Service Agreement and customer account from Mr. H. Lanier to Mr. D. Lanier.

Operations Report (cont.). Mr. Ivy noted that the total amount of overflow at the STP was approximately 10,000 – 12,000 gallons. A discussion ensued regarding the blockage and overflow at the STP. Mr. Hardin suggested the Board consider cleaning the basins at the STP. The Board requested an item be added to the April agenda to consider such matter.

Adjournment. There being no further business to come before the Board, and upon motion by Director Cutler, seconded by Director Bock, after full discussion and with all Directors present voting aye, the Board voted unanimously to adjourn the meeting at 6:36 p.m.

Passed and approved this 14th day of April, 2022.




Secretary, Board of Directors