

## FAR HILLS UTILITY DISTRICT

### MINUTES OF BOARD OF DIRECTORS MEETING

January 12, 2023

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 12, 2023 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. Meredith King, attorneys, and Ms. Raechel Rodriguez (via teleconference), legal assistant, of Radcliffe Bobbitt Adams Polley PLLC ("RBAP"), attorney for the District; Mr. Mark Ivy and Mr. Sergio Torres 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. Bill Blich of Blich and Associates, financial advisor for the District; and Mr. Terry Holland of Myrtle Cruz, Inc. (the "Bookkeeper"), bookkeeper for the District. Also in attendance were Mrs. Patricia Bish, Messrs. Steven Bish, Sterling Rogers and William Beatty, residents 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 5:05 p.m., and declared it open for such business as may come before the Board.

1. **Public Comment.** Mr. Bish reported that he believed that the District's Water Plant ("WP") facilities had leaks causing his lawn in the Shelter Bay subdivision to flood. Mr. Bish asked a question regarding the assessed value and tax rates on properties in the District to which Mr. Blich explained the tax rate setting process and Montgomery Central Appraisal District's ("MCAD") role in setting valuations. Mr. Bish went on to ask questions regarding the District's well and wastewater permits to which Mr. Hardin responded.

Mrs. Bish reported that a security light on District property shines light into their yard and noted that her mailbox has been vandalized. Director Haymon noted that the light was owned by Entergy and is not the property of the District. However, Mr. Ivy did state that he would call Entergy to notify them of the issue and suggested the residents do the same.

Mr. Rogers stated he reported three (3) leaks between Christmas Day and New Year's Day. Mr. Ivy noted that MMIA was aware of the broken pipe behind the chlorine building.

A discussion ensued regarding the WP drainage history of drainage from the WP and the long-standing drainage easement between two (2) residences to Lake Conroe for such purposes.

The residents exited the meeting at this time.

2. **Minutes.** The Board considered approval of the regular meeting minutes of December 8, 2022. 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 the regular meeting minutes of December 8, 2022, 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 noted there was not a December 2022 Tax Assessor/Collector's Report available in time for the Board meeting.

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.

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

5. **Update on status of closing of the District's Unlimited Tax and Revenue Bonds, Series 2022 (the "2022 Bonds").** Ms. Adams stated that the 2022 Bonds closed on December 15, 2022.

Mr. Blich presented a homestead exemption study for the Board to review and consider at the February Board meeting.

6. **Adopt Amended District Information Form ("DIF").** Ms. Adams then reviewed the DIF with the Board, a copy of which is attached hereto, which was required to be amended to show the current tax rate, the outstanding debt and the Notice to Purchasers form, and was to be recorded in the Montgomery County Real Property Records (the "MCRPR") and filed with the Texas Commission on Environmental Quality (the "TCEQ"). Upon motion by Director Shelly, seconded by Director Kuhl, after full discussion and with all Directors present voting aye, the Board voted unanimously to approve the DIF and authorize RBAP to record same in the MCRPR and file with the TCEQ, as required by law.

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

Regarding the status of development of the remaining acreage owned by French Quarter and Lake Breeze Properties, LLC in the French Quarter and Lake Breeze subdivisions, Mr. Hardin presented Pay Estimate ("PE") No. 10 and Final in the amount of \$121,351.61. Mr. Hardin also presented Change Order ("CO") No. 1 and Final in the deductive amount of \$283,888.37. Mr. Hardin then presented the Certificate of Completion for the project, a copy of which is attached to the Engineer's Report.

Mr. Hardin noted there was no update regarding the status of the Wastewater Treatment Plant ("STP") repairs.

Mr. Hardin next reported that final design and plan production for the Far Hills and Hawthorne Ridge subdivisions water main replacement was underway and that such plans were submitted to the County for approval and would be submitted to TCEQ later in the week. Mr. Hardin reviewed with the Board the cost estimate and plans for such project. Mr. Hardin noted that the cost estimate was substantially higher than the amount submitted in the Bond Application Report for the 2022 Bonds, but that the District will have surplus funds from the 2022 Bonds due to estimating higher interest amounts for developer reimbursements and capitalized interest. Ms. Adams noted that a change in scope application would need to be submitted to TCEQ and the Board would need to adopt an Order Authorizing Use of Surplus Funds. Mr. Hardin requested authorization to obtain bids for the water line replacement. Upon motion by Director Bock, seconded by Director Shelly, after full discussion and with all Directors present voting aye, the Board voted unanimously to authorize LEI to obtain bids for the water line replacements.

Mr. Hardin reminded the Board that Mr. Dru Kahlenburg of Clearlake Assets, the developer of Clearview Estates, has sold a portion of Unrestricted Reserve F and that the new owner proposed developing the property as Clearview Lakeside – one property containing single family residential rental units which would be master metered. Mr. Hardin reported that LEI has not heard from Clearlake Assets since submission of the application.

Mr. Hardin then reviewed with the Board the status of the emergency interconnect with Montgomery County Utility District No. 2 ("MCUD No. 2"). Mr. Hardin presented plans with two (2) route options for the interconnect line. Mr. Hardin recommended Alternate B which consisted of constructing the interconnect line in the right-of-way along Cude Cemetery Road. An extensive discussion ensued regarding the terms of the proposed Emergency Water Supply Agreement with MCUD No. 2 and which entity would be responsible for the construction of the waterlines for same.

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) accept the Engineer's Report; 2) approve PE No. 10 and Final in the amount of \$121,351.61 from C.E. Barker, Ltd. ("C.E. Barker") for water, sewer, drainage and paving improvements; 3) approve CO No. 1 and Final in the deductive amount of \$283,888.37 from C.E. Barker for expenses related to retests of failed construction testing; 4) accept the Certificate of Completion in connection with the water, sewer and drainage construction of Section 4, French Quarter; and 5) approve route Alternate B for the emergency interconnect with MCUD No. 2.

8. **Review proposed Emergency Water Interconnect Agreement with MCUD No. 2.** There was nothing further to discuss at this time.

9. **Operations Report.** Mr. Ivy reviewed the Operations Report, a copy of which is attached hereto. Mr. Ivy reported that the District had 778 connections and a 99.10% water accountability ratio for the period ending December 20, 2022.

Mr. Ivy then reported that the pump for Water Well ("WW") No. 5 was not working and presented to the Board a proposal from C&C Water Services, LLC ("C&C") in the amount of \$23,800.00 to repair such pump. A discussion ensued. Mr. Ivy noted that WW No. 5 was still operational.

Mr. Ivy then reported to the Board issues with a WP line that froze causing the tank to overflow. Mr. Ivy noted approximately 12,000 gallons of water was leaked.

A discussion ensued regarding the WP drainage. Mr. Hardin reviewed with the Board the history of the WP and the flow of natural drainage and water table in the area.

Mr. Ivy reported that the force main at Lift Station No. 8 washed out and needed to be lowered.

An extensive discussion ensued regarding alternate drainage options for the WP and moving the chlorine building. The Board discussed requesting the bulkheads impeding the flow from the District's drainage be removed.

Upon motion by Director Kuhl, seconded by Director Shelly, after full discussion and with all Directors present voting aye, the Board voted unanimously to: 1) approve the Operations Report; 2) authorize termination of service to delinquent accounts in accordance with the provisions of the District's Rate Order; and 3) accept the proposal from C&C in the amount of \$23,800.00 to repair WW No. 5; and 4) authorize the Operator to lower the force main at Lift Station No. 8.

10. **General Maintenance of District Administration Building.** Director Haymon noted that the fence gate needed to be painted and suggested painting it gray to match the building. Upon motion by Director Haymon, seconded by Director Bock, after full discussion and with four (4) votes in favor and one (1) vote opposed, with Director Cutler dissenting, the Board approved painting the fence gate gray.

11. **Review District's Rate Order and amend as necessary.** Ms. Adams then reviewed with the Board the proposed District Rate Order amendments consisting of the new Texas Public Utility Commission's extreme weather requirements. Upon motion by Director Haymon, seconded by Director Kuhl, after full discussion and with all Directors present voting aye, the Board voted unanimously to adopt the Order Adopting Amended Rate Order and authorize publication of Notice of same in the *Courier of Montgomery County*.

12. **General District facility landscape matters.** There was nothing to report.

13. **Annual review of District's Emergency Response Plan ("ERP").** Mr. Ivy did not recommend any changes to the District's ERP.

14. **Annual review of Director Fees of Office and Expense Reimbursement Policy (the "Reimbursement Policy").** The Board then reviewed the District's Reimbursement Policy. There were no changes.

15. **Attorney's Report, including annual review of District's Post-Issuance Tax Exempt Debt Compliance Policy.** Ms. Adams explained that the District was required to conduct an annual review of its Post-Issuance Tax-Exempt Debt Compliance Policy, a copy of which is attached hereto, and noted that she did not recommend any changes.

16. **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 7:27 p.m.

Passed and approved this 9<sup>th</sup> day of February, 2023.



  
Secretary, Board of Directors