

FAR HILLS UTILITY DISTRICT
MINUTES OF BOARD OF DIRECTORS MEETING

February 9, 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, February 9, 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 (via teleconference), attorneys, and Ms. Raechel Rodriguez (via teleconference), legal assistant, of Radcliffe Bobbitt Adams Polley PLLC ("RBAP"), attorney for the District; Ms. Erika Mireles 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. Jean Haymon, Mrs. Barbara Cutler, Mr. Ryan Kuhl, Mrs. Lisa Kuhl and Ms. Chris Hahn, 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 5:04 p.m., and declared it open for such business as may come before the Board.

1. **Public Comment.** Ms. Hahn reported that she has air in her water lines since the freeze over the Christmas holiday. She further reported that a plumber was called and the water was milky in color. Ms. Mireles requested Ms. Hahn contact MMIA the following day so that her water line could be inspected and noted that there were no other complaints of this nature.

Ms. Hahn exited the meeting at this time.

2. **Minutes.** The Board considered approval of the regular meeting minutes of January 12, 2023. 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 January 12, 2023, as presented.

Mrs. Kuhl entered the meeting at this time.

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 month of January, a copy of which is attached hereto. Mr. Holland reported that 82.33% of the 2022 taxes had been collected as of January 31, 2022. Upon motion by Director Bock, seconded by Director Cutler, after full discussion and with all Directors present voting aye, the Board voted unanimously to accept the Tax Assessor/Collector's Report.

4. **Adopt Order Determining Ad Valorem Tax Exemptions.** The Board next considered adoption of the tax exemptions for the 2023 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 2022, the Board granted a homestead exemption of \$30,000 for disabled persons or persons 65 years of age or older. Upon motion by Director Shelly, seconded by Director Kuhl, and after full discussion with all Directors present voting aye, the Board voted unanimously to retain the same exemptions for 2023 as were approved in 2022, and adopt the Order Determining Ad Valorem Tax Exemptions, a copy of which is attached hereto.

5. **Adopt Resolution Authorizing Petition Challenging Appraisal Records.** Ms. Adams then reviewed the Resolution Authorizing Petition Challenging Appraisal Records with the Board. Ms. Adams explained that such resolution would allow Ms. McRae to represent the District in challenging certain categories of appraisal records with Montgomery Central Appraisal District ("MCAD"). Upon motion by Director Kuhl, seconded by Director Shelly, 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.

6. **Adopt Resolution Implementing Penalty on Future Delinquent Taxes and Contracting with Attorneys to Collect Delinquent Taxes.** Ms. Adams then reviewed the Resolution Implementing Penalty on Future Delinquent Taxes and Contracting with Attorneys to Collect Delinquent Taxes with the Board. Ms. Adams noted this Resolution would be evergreen and therefore would remain in effect until the laws pertaining to same are amended. 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 Future Delinquent Taxes and Contracting with Attorneys to Collect Delinquent Taxes, a copy of which is attached hereto.

Mr. R. Kuhl and Mrs. Kuhl exited the meeting at this time.

7. **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 Kuhl, seconded by Director Bock, 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.

Mrs. Haymon and Mrs. Cutler exited the meeting at this time.

8. **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 Bock, 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 2023-2024 insurance year.

Mr. Blich exited the meeting at this time.

9. **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. It was noted that LEI has already completed the updated values.

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

Mr. Hardin reported that LEI was preparing an exhibit and cost estimate for the Water Plant ("WP") drainage modification project noting that it would be difficult and costly to install drainage improvements to Lake Conroe due to existing development in the vicinity. Mr. Hardin went on to report that, as an alternative to modifying the drainage from the WP to Lake Conroe, LEI was preparing a preliminary layout and cost estimate to relocate the chemical and chlorine room to a location where runoff would be captured by the current drainage improvements at the WP, and would likely present such cost estimate at the March Board meeting.

Mr. Hardin noted there was no update regarding the status of the Wastewater Treatment Plant ("STP") repairs and that LEI was still assessing the potential repairs. A discussion ensued regarding the potential to perform smoke testing in segments of the District.

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 the County has provided comments to the submitted plans, which LEI was still reviewing. Mr. Hardin then recommended the Board authorize LEI to advertise the water main replacement project noting that bids would be presented at the March or April Board meetings.

Mr. Hardin reminded the Board that 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 informed the Board that Clearview Lakeside would need to provide the Board with a water meter easement. Mr. Torres noted there was a six (6) to eight (8) week lead time on a water meter of the size necessitated by this development. Mr. Hardin then recommended the Board authorize execution of the water meter easement, subject to Engineer and Attorney finalization.

Mr. Hardin then reviewed with the Board the status of the emergency interconnect with Montgomery County Utility District No. 2 ("MCUD No. 2"). The Board reviewed the revisions to the draft Emergency Water Supply Agreement with MCUD No. 2 (the "Interconnect Agreement").

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) authorize advertisement for bids for water main replacement project; and 3) authorize acceptance of the Clearview Lakeside water meter easement and execution of same by Director Haymon upon finalization.

11. **Use of surplus bond funds for District projects and adopt related resolution(s) and/or authorize related application(s) as necessary.** Ms. Adams reported to the Board that there were declared surplus funds from the Series 2015 Bonds and Series 2018 Bonds that need to be utilized prior to utilization of the surplus funds from the Series 2022 Bonds. Ms. Adams noted that, after discussion with Mr. Hardin, it was determined that the anticipated costs of the proposed projects would likely allow for the use of only the surplus funds from the Series 2015 and Series 2018 bonds, including the water main replacement project and the District's portion of the cost of construction of the interconnect with MCUD No. 2. 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 use of the surplus funds from the Series 2015 Bonds and Series 2018 Bonds for such projects.

12. **Review proposed Emergency Water Interconnect Agreement with MCUD No. 2.** The Board then considered approval of the Interconnect Agreement. 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 Interconnect Agreement, subject to finalization.

13. **Operations Report.** Ms. Mireles reviewed the Operations Report, a copy of which is attached hereto. Mr. Mireles reported that the District had 787 connections and a 94.02% water accountability ratio for the period ending January 20, 2023.

Ms. Mireles then presented to the Board a proposal from PM Utility Services ("PM") for phase conversion for the capacitors at Lift Station No. 12 in the amount of \$10,545.00, a copy of which is attached hereto. A discussion ensued regarding status of single phase facilities to which Mr. Hardin noted that most of the District's facilities were already converted.

Ms. Mireles then presented to the Board a Collections Accounts list of accounts that MMIA was recommending the District write-off, a copy of which is attached hereto. It was noted that the total amount to be written-off was \$86.93.

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; 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 PM in the amount of \$10,545.00 to convert Lift Station No. 12; and 4) authorize the Operator to write-off the Collections Accounts in the amount of \$86.93.

14. **General Maintenance of District Administration Building.** Director Kuhl informed the Board that he was approached regarding a request to rent the garage space at the District Administration Building for use by local baseball teams. After discussion, the Board determined to not lease the space.

15. **General District facility landscape matters.** There was nothing to report.
16. **Review garbage collection options within the District.** Director Haymon reported to the Board that the Rancho Escondido Homeowner's Association ("REHOA") received a request from its garbage provider to take over contracting for the collection garbage as the provider serving the REHOA would no longer be contracting with individual residents for such services. Director Haymon asked if this was something the District wanted to provide to District residents. Ms. Adams reviewed with the Board the potential issues with the District even being able to get to a place where all District residents cancel their individual contracts so the District could take over and noted a stair-stepped approach that would be more feasible. Ms. Adams suggested that the homeowner's associations within the District provide such service if the trend was for the service contracts to be consolidated. An extensive discussion ensued regarding same.
17. **Attorney's Report.** Ms. Adams stated there was nothing further to report.
18. **Authorize attendance at AWBD Spring Breakfast and Summer Conference.** 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 attendance at the AWBD Spring Breakfast and Summer Conference.
19. **Adjournment.** There being no further business to come before the Board, the meeting was adjourned at 7:04 p.m.

Passed and approved this 9th day of March, 2023.




Secretary, Board of Directors