

FAR HILLS UTILITY DISTRICT

MINUTES OF BOARD OF DIRECTORS MEETING

February 11, 2021

The Board of Directors (the "Board") of Far Hills Utility District (the "District") met in regular session, open to the public, via video conference, pursuant to the Texas Governor's suspension of certain Texas Open Meetings Act (the "OMA") provisions due to COVID-19, on Thursday, February 11, 2021 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 attorneys, and Ms. Hannah Slaven, paralegal, of Radcliffe Bobbitt Adams Polley PLLC ("RBAP"), attorney for the District; Mr. Mark Ivy and Ms. Erika 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., financial advisor for 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, and declared it open for such business as may come before the Board. The Board meeting was recorded as required by the Texas Governor's declaration suspending certain provisions of the OMA.

1. **Public Comment.** There were no public comments at this time.
2. **Minutes.** The Board considered approval of the regular meeting minutes of January 14, 2021. Upon motion by Director Kuhl, seconded by Director Cutler, after full discussion and with all Directors present voting aye, the Board voted to approve the regular meeting minutes of January 14, 2021, 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 January 2021, a copy of which is attached hereto. Upon motion by Director Cutler, seconded by Director Shelly, and after full discussion with all Directors present voting aye, the Board approved the Tax Assessor/Collector's Report.
4. **Adopt Order Determining Ad Valorem Tax Exemptions.** The Board next considered approval of tax exemptions for the 2021 tax year, including homestead exemptions for residents 65 years of age and older, and disabled residents. Ms. Adams reported that, in 2020, the Board granted a homestead exemption of \$30,000 for disabled persons or persons 65 years of age or older. Mr. Blich reviewed the homestead tax exemptions study, a copy of which is attached hereto. Upon motion by

Director Cutler, seconded by Director Shelly, and after full discussion with all Directors present voting aye, the Board agreed to retain the same exemptions for 2021 as were approved in 2020, and adopt the Order Determining Ad Valorem Tax Exemptions, a copy of which is attached hereto.

Mr. Ivy entered the meeting at this time.

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 will allow Ms. McRae to represent the District in challenging certain categories of appraisal records with Montgomery County Appraisal District (the "MCAD"). Upon motion by Director Cutler, seconded by Director Shelly, and after full discussion with all Directors present voting aye, the Board adopted the Resolution Authorizing Petition Challenging Appraisal Records, a copy of which is attached hereto.

6. **Resolution Implementing Penalty on 2020 Delinquent Taxes and Contracting with Attorneys to Collect Delinquent Taxes.** Ms. Adams then reviewed the Resolution Implementing Penalty on 2020 Delinquent Taxes and Contracting with Attorneys to Collect Delinquent Taxes with the Board. Upon motion by Director Cutler, seconded by Director Bock, after full discussion with all Directors present voting aye, the Board adopted the Resolution Implementing Penalty on 2020 Delinquent Taxes and Contracting with Attorneys to Collect Delinquent Taxes, a copy of which is attached hereto.

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.

A discussion ensued regarding an issue with the checks issued in January 2021, with Mr. Holland noting that many had to be voided and reissued. Mr. Holland advised that parties were to accept checks with a notation of "replacement check" in the memo line.

Upon motion by Director Cutler, seconded by Director Bock, after full discussion and with all Directors present voting aye, the Board voted to: approve the Bookkeeper's Report, as presented, authorized payment of the bills reflected therein, and authorized the Bookkeeper to sign the disbursements, as previously authorized.

8. **Discuss Insurance Renewal and Authorize Obtaining Proposals.** 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 Bock, seconded by Director Shelly, after full discussion and with all Directors present voting aye, the Board voted to authorize Director Kuhl to obtain a proposal for insurance from Arthur J. Gallagher for the 2021-2022 insurance year.

9. **Authorize Engineer to Prepare Updated Values for Insurance Purposes.** The Board then discussed the valuation of the District's assets in relation of the preparation of the District's property insurance proposal. Upon motion by Director Bock, seconded by Director Shelly, after full discussion and with all Directors present voting aye, the Board voted to authorize Mr. Hardin to prepare updated values of the District's assets for insurance purposes.

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

Mr. Hardin first reported on the Lift Station No. 1 Improvement Project ("LS No. 1) to serve ClearView by B-5 Construction Co. ("B-5") and presented Pay Estimate No. 4 in the amount of \$102,058.26 relative thereto. Mr. Hardin reported that B-5 had submitted a revised schedule with an anticipated completion date of March 16, 2021.

Mr. Hardin next provided an Out-of-District Service Application from Brent and Judy Landry for the Board's review, noting that the applicant had already furnished the required deposit check. Mr. Hardin stated that LEI had no objections to such application or provision of service. An extensive discussion ensued regarding the method of calculating water and sewer rates for out-of-District customers.

Regarding the status of development of the remaining acreage owned by FQ/LB, L.P. ("FQ/LB") in the French Quarter and Lake Breeze subdivisions, Mr. Hardin reported that, in areas of active construction, some sanitary sewer manholes have been buried and that LEI recommends such manholes be raised, prior further construction. Mr. Hardin noted that three (3) manholes had already been raised by MMIA, and provided a map showing the manholes remaining that still need to be raised. A discussion ensued regarding who would perform the work of raising the manholes and how such costs would be allocated.

Upon motion by Director Kuhl, seconded by Director Shelly, after full discussion and with all Directors present voting aye, the Board voted to approve the Engineer's report, including: authorized payment of Pay Estimate No. 4 in the amount of \$102,058.26 to B-5 for the LS No. 1 Project and authorized raising manholes by MMIA and back charge for such work to the developer.

11. **Consider Amendment of Rate Order.** Mr. Hardin reported that as construction continued in the District, the topography of some sections now being developed made the height of finished floors relative to finished manholes closer to the required twelve inches (12"). Mr. Hardin noted the District's Rate Order, Subsection 6(f), requires the lowest finished floor of any structure built in the District must be a minimum of twelve inches (12") higher than the top of the nearest sanitary sewer manhole, otherwise, the District requires a Waiver of Liability and a fee of \$250 or an on-site grinder pump, so that the property owner cannot hold the District liable for any sewer back-ups that occur. Mr. Hardin suggested that lowering the requirement to six inches (6") would eliminate the need for Waivers of Liability or grinder pumps for many properties that are now close to the twelve-inch (12") threshold. The Board reached a consensus that it did not want to amend the requirement for such waivers or grinder pumps.

The Board next discussed the method of calculating out-of-District service rates. Upon motion by Director Kuhl, seconded by Director Bock, after full discussion and with all Directors present voting aye, the Board voted to amend the District's Rate Order to assess out-of-district rates as follows: 1) Subsection 3(b) to state out-of-District residential customers be charged based on 1/24 of the requisite property's prior year assessed value plus in-District residential water rates; 2) Subsection 3(d) to state that out-of-District commercial customers be charged based on 1/24 of the requisite property's prior year assessed value plus in-District commercial water rates; 3) Subsection 4(b) to state out-of-District residential customers be charged based on 1/24 of the requisite property's prior year assessed value plus in-District residential sewer rates; 4) Subsection 4(d) to state out-of-District commercial customers be charged based on 1/24 of the requisite property's prior year assessed value plus in-District commercial sewer rates and authorize publishing notice of such amendment in the *Conroe Courier* as required by law.

12. **Attorney's Report.** Ms. Adams next reviewed the Out-of-District Service Agreement (the "Agreement") with Brent and Judy Landry with the Board, noting that the Agreement required the Landry's to comply with the then-current Rate Order at all times. Upon motion by Director Shelly, seconded by Director Kuhl, after full discussion and with all Directors present voting aye, the Board approved the Agreement and authorized its execution by the President upon final review by the District's Attorney.

13. **Operations Report.** Mr. Ivy reviewed the Operations Report, a copy of which is attached hereto. Ms. Mireles reported that the District has 616 connections and a 93.34% water accountability ratio for the period ending January 31, 2021.

Mr. Ivy next presented an inspection report and proposal from Texas Aquastore, Inc. ("Texas Aquastore"), regarding the District's ground storage tank ("GST"), and noted several areas in need of repair, including the recoating of the interior of the tank. Texas Aquastore provided an estimate in the amount of \$67,388 to complete the full rehabilitation of the GST. Mr. Ivy and Mr. Hardin discussed the best timeframe for the repairs and noted that it would be best to wait until Fall 2021 to authorize said repairs, so repairs would likely be underway in the Winter, when water production is at its lowest.

Director Haymon asked if it would be possible to pump directly from the District's well to save on San Jacinto River Authority fees while the GST is inoperable during the repairs. A discussion ensued regarding various possibilities.

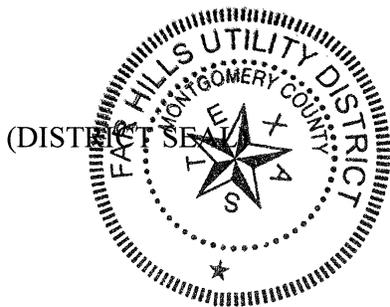
Upon motion by Director Kuhl, seconded by Director Cutler, after full discussion and with all Directors present voting aye, the Board approved the Operations Report.

14. **District Website Report.** Director Haymon presented to and reviewed with the Board the website report for the month of December 2020, a copy of which is attached hereto.

15. **Authorize Attendance at the Association of Water Board Directors ("AWBD") Spring Breakfast and Summer Conference.** Upon a motion by Director Cutler, seconded by Director Bock, after full discussion and with all Directors present voting aye, the Board authorized the Directors' attendance at the AWBD Spring Breakfast and Summer Conference.

16. **Adjournment.** There being no further business to come before the Board, upon motion by Director Bock, seconded by Director Shelly and with all Directors present voting aye, the President adjourned the meeting.

Passed and approved this 11th day of March 2021.




Secretary, Board of Directors