

FAR HILLS UTILITY DISTRICT

MINUTES OF BOARD OF DIRECTORS MEETING

January 10, 2019

The Board of Directors (the "Board") of Far Hills Utility District (the "District") met in regular session, open to the public, at 5:00 p.m., at the District's office, 10320 Cude Cemetery Road, located within the boundaries of the District, on Thursday, January 10, 2019, 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
H. Douglas Hall	Assistant Secretary
J. Richard Cutler	Director

All members of the Board were present with the exception of Director Kuhl, thus constituting a quorum. Consultants in attendance were: Ms. Regina D. Adams of Radcliffe Bobbitt Adams Polley PLLC ("RBAP"), attorneys for the District; Mr. Mark Ivy and Ms. Erika Mireles of M. Marlon Ivy & Associates, Inc. (the "Operator"), operators for the District; Messrs. Tim Hardin, P.E., and Omar Rodriguez, E.I.T., of Langford Engineering, Inc. ("Langford" or the "Engineer"), engineers for the District; Mr. Bill Blicht of Blicht & Associates, Inc., financial advisor for the District; and Mr. Terry Holland of Myrtle Cruz, Inc. (the "Bookkeeper"), bookkeepers for the District. Also in attendance was Mr. Charles E. Simmons of the Park on the Lake RV Park (the "RV Park").

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 5:00 p.m., and declared it open for such business as may come before the Board.

1. **Public Comment.** There were no public comments at this time.
2. **Ratify all action taken at December 13, 2018 regular meeting.** Ms. Adams then reported that the notice of the December 13, 2018 meeting was not posted at least 72 hours prior to the Board meeting, as required by the Texas Open Meetings Act, due to technical/communication difficulties. Upon motion by Director Hall, seconded by Director Cutler, after full discussion and with all Directors present voting aye, the Board approved the ratification of all action taken at the December 13, 2018 meeting.
3. **Minutes.** The Board considered approval of the regular meeting minutes of December 13, 2018. Director Shelly requested one (1) correction. Upon motion by Director Cutler, seconded by Director Hall, after full discussion and with all Directors present voting aye, the Board approved the regular meeting minutes of December 13, 2018, as corrected.

4. **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 December, a copy of which is attached hereto. Mr. Holland reported that 53.04% of the 2018 taxes have been collected as of December 31, 2018. Upon motion by Director Cutler, seconded by Director Hall, after full discussion and with all Directors present voting aye, the Board approved the Tax Assessor/Collector's Report, as presented.

Director Shelly entered the meeting at this time.

5. **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 Hall, after full discussion and with all Directors present voting aye, the Board approved the Bookkeeper's Report, as presented.

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

Mr. Hardin reminded the Board that it previously awarded the contract for the Water Plant ("WP") emergency generator to B-5 Construction Co., Inc. ("B-5") for \$184,355.00. Mr. Hardin stated that B-5's electrician is completing the duct bank and conductor runs. Mr. Hardin added that start-up and testing remains to be completed. Mr. Hardin then reported that B-5 submitted Pay Estimate No. 3 in the amount of \$11,495.47, a copy of which is attached to the Engineer's Report. Mr. Hardin explained that the pay estimate represents work completed through December 31, 2018 and includes 10% retainage in the amount of \$17,547.33. Mr. Hardin stated that the total work completed to date is \$175,473.30.

Mr. Hardin reminded the Board that the District's current water treatment process of adding blended phosphate is recommended as a means of inhibiting corrosion within the District's water system and should be maintained whenever Water Well ("WW") No. 6 is in service. Mr. Hardin added that Langford will continue to review options for additional WP Ground Storage Tank passive roof vents.

Regarding the Lift Station and Force Main to serve the RV Park owned by WGB RV Park on the Lake, LLC, Mr. Hardin reported that the design is complete and Langford is awaiting receipt of updated plans that reflect work completed along Cude Cemetery Road. Mr. Hardin state that Langford will advertise the project for bids upon receipt of the plan revisions.

Regarding the development of ClearView Estates ("ClearView") by Clearlake Asset Management, LLC, Mr. Hardin then reported that Langford is proceeding with the design of the following District improvements to serve ClearView: 1) drainage improvements (extension of 48-inch ("48") storm sewer line to Lake Conroe); 2) Lift Station No. 1 improvements (wet well rehabilitation and pumps/control upgrades); and 3) WP improvements (booster pumps and hydropneumatic tank). Mr. Hardin added that Langford has received and completed initial review of the plans for the internal water, sewer, drainage and paving improvements to serve ClearView. Mr. Hardin noted that Langford's comments were provided to ClearView's engineer

on November 27th. Mr. Hardin stated that Langford recently received the revised plans and is in the process of reviewing same. Mr. Hardin noted that Montgomery County is also in the process of reviewing the updated plans.

Regarding the status of development of the French Quarter and Lake Breeze subdivisions, Mr. Hardin noted that Langford is proceeding with the design of the water, sewer, drainage and paving improvements to serve the remaining vacant acreage owned by FQ/LB, L.P. ("FQ/LB").

Mr. Hardin then presented to and reviewed with the Board a summary of the District's 2013 bond authorization summary, a copy of which is attached to the Engineer's Report. Mr. Hardin stated that, with Board authorization, Langford will update the District's Capital Improvement Plan (the "CIP") including project prioritizations, scheduling and cost estimates. An extensive discussion ensued. Mr. Hardin next presented to and reviewed with the Board the District's energy usage reports for 2016, 2017 and 2018, copies of which are attached hereto.

Upon motion by Director Hall, seconded by Director Shelly, and after full discussion with all Directors present voting aye, the Board approved the Engineer's Report, authorized payment of Pay Estimate No. 3 in connection with the WP generator installation project and authorized Langford to proceed with updating the District's CIP.

7. **Attorney's Report including:**

Approve Abandonments of Utility Easement and Storm Sewer Easement and Approve Temporary/Construction Easements with FQ/LB L.P. for District's drainage line.

Ms. Adams reported that her office has prepared the abandonment of the existing Utility Easement and Storm Sewer Easement and the Temporary Construction and Utility Easements related to the District's storm sewer line located on FQ/LB's property. Upon motion by Director Shelly, seconded by Director Hall, and after full discussion with all Directors present voting aye, the Board approved: 1) the abandonment of the Utility Easement and Storm Sewer Easement as described herein; 2) the Temporary Construction and Utility Easements for the District's storm sewer line located on FQ/LB property.

8. **Operations Report.** Mr. Ivy then reviewed the Operations Report, a copy of which is attached hereto. Mr. Ivy reported that the District has 527 connections and a 97.23% water accountability ratio for the period ending December 20, 2018.

Mr. Simmons exited the meeting at this time.

Ms. Mireles then reviewed with the Board the delinquent list, a copy of which is attached to the Operations Report.

Director Haymon noted that the Administration Building's: 1) refrigerator is no longer fully operational; and 2) back door is in need of repairs. A discussion ensued regarding whether the refrigerator should be repaired or replaced.

Upon motion by Director Shelly, seconded by Director Cutler, after full discussion and with all Directors present voting aye, the Board: 1) approved the Operations Report; 2) authorized termination of service to the delinquent accounts in accordance with the provisions of the District's Rate Order; 3) authorized purchase of a new refrigerator; and 4) authorized the necessary repairs to the back door of the administration building.

9. **Review and discuss Emergency Response Plan (the "ERP") pursuant to the requirements of the Texas Administrative Code.** Messrs. Ivy and Hardin stated that there are no recommended revisions to the District's ERP at this time.

10. **Annual Review of Director Fees of Office and Expense Reimbursement Policy (the "Reimbursement Policy").** The Board then reviewed the Reimbursement Policy, a copy of which is attached hereto. Ms. Adams stated that she is not recommending any changes to the District's Reimbursement Policy at this time.

11. **Annual Review of District's Post-Issuance Tax-Exempt Debt Compliance Policies.** Ms. Adams stated that she is not recommending any changes to the District's Post-Issuance Tax-Exempt Debt Compliance Policies at this time.

12. **District Website Report, including discuss and take necessary action in connection with website access.** Director Haymon presented to and reviewed with the Board a summary of the District's website usage, a copy of which is attached hereto.

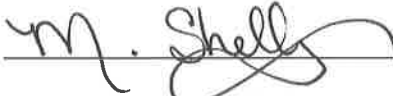
A discussion ensued regarding the redundancy in webmaster access in case Director Haymon is unavailable to perform such duties. Upon motion by Director Cutler, seconded by Director Shelly, after full discussion and with all Directors present voting aye, the Board appointed Director Kuhl to serve as the alternative webmaster for the District's website.

Mr. Blich then presented to and reviewed with the Board a historical financial summary of the District's General Fund and a historical summary of the District's tax collections, copies of which are attached hereto.

13. **Adjournment.** There being no further business to come before the Board, the President adjourned the meeting.

Passed and approved this 14th of February, 2019.




Secretary, Board of Directors