

FAR HILLS UTILITY DISTRICT

MINUTES OF BOARD OF DIRECTORS MEETING

March 20, 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 Wednesday, March 20, 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, except Director Hall, 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, P.E., of Langford Engineering, Inc. ("Langford" or the "Engineer"), engineers for the District; and Mr. Terry Holland of Myrtle Cruz, Inc. (the "Bookkeeper"), bookkeepers for the District. Also in attendance was Mr. Michael Bell of WGB RV Park on the Lake, LLC, ("WGB") developers of Park on the Lake RV Park (the "RV Park"). A sign-in sheet is attached hereto.

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. **Minutes.** The Board considered approval of the regular meeting minutes of February 14, 2019. Upon motion by Director Kuhl, seconded by Director Shelly, after full discussion and with all Directors present voting aye, the Board approved the regular meeting minutes of February 14, 2019, 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 94.59% of the 2018 taxes have been collected as of February 28, 2019. Upon motion by Director Kuhl, seconded by Director Cutler, after full discussion and with all Directors present voting aye, the Board approved the Tax Assessor/Collector's Report, as presented.
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 Kuhl, seconded by Director Cutler, after full discussion and with all Directors present voting aye, the Board approved the Bookkeeper's Report, as presented.

5. **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 installation to B-5 Construction Co., Inc. ("B-5") for \$184,355.00. Mr. Hardin stated that construction is complete. Mr. Hardin then reported that B-5 submitted Pay Estimate No. 4 and Final in the amount of \$26,429.03, a copy of which is attached to the Engineer's Report. Mr. Hardin explained that the pay estimate represents work completed through February 28, 2019. Mr. Hardin stated that the total work completed to-date is \$184,355.00, which is the original contract amount. Mr. Hardin presented the Certificate of Completion, a copy of which is attached to the Engineer's Report.

Regarding the Lift Station and Force Main to serve the RV Park, Mr. Hardin reported that bids for the project were received on March 12, 2019. Mr. Hardin next reviewed the bid tabulation, a copy of which is attached hereto. Mr. Hardin stated that there were nine (9) bids received and noted that the low bidder was Doughtie Construction Co., Inc. ("Doughtie") with a total bid of \$441,820.50. Mr. Hardin stated that Langford has contacted/verified Doughtie's references. A discussion ensued regarding the bid specifications and familiarity with the low bidder.

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, reviewed and approved the construction plans for the internal water, sewer, drainage and paving improvements to serve ClearView. Mr. Hardin noted that Langford is awaiting construction contracts, specifications and bidding documents, Texas Commission on Environmental Quality approval, Montgomery County (the "County") approval, and the storm water pollution prevention plan for review.

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 reported that Langford is in the process of updating the status of all the District's capital improvements and will prepare an updated long-range Capital Improvement Plan for the District's review. Mr. Hardin noted that Langford is in receipt of the District's previous five (5) year plan, will review same and update the CIP accordingly.

Mr. Hardin next reported that the Water Conservation and Drought Contingency Plans ("WCP/DCP") have been revised in accordance with new requirements of the San Jacinto River Authority ("SJRA"). A discussion ensued. Action on this item was tabled until the April Board meeting.

Upon motion by Director Kuhl, seconded by Director Shelly, and after full discussion with all Directors present voting aye, the Board: 1) approved the Engineer's Report; 2) approved and authorized payment of Pay Estimate No. 4 and Final from B-5 in connection with the WP emergency generator project; 3) accepted the Certificate of Completion in connection with the WP emergency generator project; and 4) accepted the bid from Doughtie for \$441,820.50 in connection with the Lift Station and Force Main to serve the RV Park.

6. **Adopt Resolution Determining and Adopting Prevailing Wage Rates for Construction Projects (the "Prevailing Wage Rate Resolution")**. Ms. Adams next discussed the requirements Chapter 2258.022, Texas Government Code relating to prevailing wage rates. Ms. Adams presented a Prevailing Wage Rate Resolution for the Board's consideration. Ms. Adams noted that the District uses rates established by the United States Department of Labor as adopted by the County. Upon a motion by Director Kuhl, seconded by Director Cutler, after full discussion and with all Directors present voting aye, the Board adopted the Prevailing Wage Rate Resolution, a copy of which is attached hereto.

Mr. Bell exited the meeting at this time.

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

Review and Approve the District's Policy, Procedures and Application for Water and Sewer Service, Annexation and/or Developer Reimbursement (the "Service, Annexation and Development Policy"). Ms. Adams presented to and reviewed with the Board a draft of the proposed Service, Annexation and Development Policy. A discussion ensued. Upon motion by Director Shelly, seconded by Director Kuhl, and after full discussion and with all Directors present voting aye, the Board voted unanimously to adopt the Resolution Adopting the Service, Annexation and Development Policy, as discussed, a copy of which is attached hereto.

Review mid-session Texas Legislative Update. Ms. Adams then presented to and reviewed with the Board RBAP's mid-session Legislative Update for the 86th Legislature (2019), a copy of which is on file in the records of the District.

8. **Operations Report**. Mr. Ivy then reviewed the Operations Report, a copy of which is attached hereto. Mr. Ivy reported that the District has 529 connections and a 95.8% water accountability ratio for the period ending February 20, 2019.

The Board then discussed the continued leak in the roof of the District's administration building. Mr. Ivy stated that the Operator is in the process of attempting to identify the location of such leak. The Directors indicated they would like to review available roof repair replacement options at the April Board meeting.

Mr. Ivy then reported that there are two (2) owners of property in the District (collectively, the "Properties"), are building residences on the Properties, the lowest finished floor of which will be less than 12 inches (12") above the elevation of the nearest District sanitary sewer manhole outside of the requirements of the District's Rate Order. Ms. Adams stated that, upon receipt of the legal description and owner information for the Properties, her office will prepare the necessary Waivers of Liability for the benefit of the District in accordance with the District's Rate Order in the event that there is a sanitary sewer back-up at the Properties due to the low elevations of the residences.

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

Upon motion by Director Kuhl, seconded by Director Shelly, after full discussion and with all Directors present voting aye, the Board: 1) approved the Operations Report; and 2) authorized termination of service to the delinquent accounts in accordance with the provisions of the District's Rate Order.

9. **Approve Insurance Renewal Proposal.** Director Kuhl then reviewed with the Board the insurance renewal proposals received from Arthur J. Gallagher & Co. ("Gallagher"). Director Kuhl stated that the insurance premium increased from \$14,515 to \$14,898. An extensive discussion ensued regarding the optional Cyber Liability coverage. Upon motion by Director Cutler, seconded by Director Shelly, after full discussion with all Directors present voting aye, the Board accepted the Gallagher renewal insurance proposal but not the optional Cyber Liability coverage, a copy of which is attached hereto.

10. **Annual Review of Rate Order and take necessary action on same.** Director Cutler and Mr. Ivy then briefly reviewed with the Board the District's current water and sewer rates and a summary of options for revising the District's Rate Order, specifically, out-of-District residential water and sewer rates ("OOD Rates"), copies of which are attached hereto. It was the consensus of the Board to review the recommendations and further discuss the matter at the April Board meeting.

11. **District Website Report, including review proposal for updates to website with Americans with Disabilities Act ("ADA") access compliance.** Ms. Adams reported that, on behalf of the District, her office requested a proposal from Off Cinco, a website developer, to update the District's website to be ADA compliant. The President stated that he had contacted the District's current website developer who created the District's website and is in the process of obtaining a contract with same to update the District's website to be ADA compliant amongst other things.

Director Haymon presented to and reviewed with the Board a summary of the District's website usage, a copy of which is attached hereto.

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

Passed and approved this 11th of April, 2019.




Secretary, Board of Directors