

FAR HILLS UTILITY DISTRICT

MINUTES OF BOARD OF DIRECTORS MEETING

October 3, 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, Willis, Texas 77318, located within the boundaries of the District, on Thursday, October 3, 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 Cutler, thus constituting a quorum. Consultants in attendance were: Ms. Regina D. Adams of Radcliffe Bobbitt Adams Polley PLLC ("RBAP"), attorney for the District; Ms. Erika Mireles of M. Marlon Ivy & Associates, Inc. (the "Operator"), operator for the District; Messrs. Tim Hardin, P.E., and Omar Rodriguez, 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; Bill Blich of Blich Associates, Inc., financial advisors for the District; and Mr. Anthony Almeida, a District resident. 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.** Director Haymon recognized Mr. Almeida, who inquired about the District's: 1) tax rate structure; 2) San Jacinto River Authority fees; and 3) payoff of the bonds issued to finance the Water Plant cooling tower, all of which were explained.

There were no additional public comments at this time.

2. **Minutes.** The Board considered approval of the regular meeting minutes of September 12, 2019. Upon motion by Director Hall, seconded by Director Shelly, after full discussion and with all Directors present voting aye, the Board approved the regular meeting minutes of September 12, 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 stated that the Tax Assessor/Collector's Report for the month of September is not yet available.

Ms. Adams then presented to and reviewed with the Board correspondence from Ms. McRae regarding the District's 2019 Property Tax Collection Fee, which is \$197, a copy of which is attached hereto.

4. **Review potential refunding of outstanding Series 2012 Bonds and authorize any necessary actions on same.** Mr. Blicht distributed for Board review a handout related to the District's current outstanding debt, a copy of which is attached hereto. Mr. Blicht reported that the municipal bond market is favorable for issuing refunding bonds to refund approximately \$2,000,000 of outstanding Series 2012 Bonds. Mr. Blicht noted that by refunding such bonds, the District would realize a present value savings of 3.45% (based on current interest rates). Mr. Blicht then stated that the outstanding bonds are not callable until April 1, 2020, so the earliest the refunding bonds could close is January 1, 2020. It was the consensus of the Board to further discuss such matter at the January 2020 Board meeting.

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 Hall, seconded by Director Kuhl, 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. Almeida exited the meeting at this time.

Regarding the drainage improvement project to benefit the development of ClearView Estates subdivision ("ClearView"), Mr. Hardin reported that the Board previously awarded the construction contract to Excel Construction, Inc. ("Excel") for a total amount of \$268,748.88. Mr. Hardin stated that construction is underway and Excel is in the process of installing new manholes and the 48-inch (48") storm sewer pipe. Mr. Hardin added that construction on the project is scheduled to be completed on October 8, 2019. Mr. Hardin then reported that Excel submitted Pay Estimate No. 3 in the amount of \$134,412.21 and includes 10% retainage in the amount of \$23,005.84, a copy of which is attached to the Engineer's Report. Mr. Hardin explained that the pay estimate represents work completed through September 30, 2019. Mr. Hardin stated that the total work completed to-date is \$215,123.69 and the contract amount remains unchanged at \$268,748.88.

Regarding the Lift Station and Force Main to serve the Park on the Lake RV Park (the "RV Park"), Mr. Hardin reported that the Board previously awarded the construction contract to Doughtie Construction Co., Inc. ("Doughtie"), for a total amount of \$444,820.50. Mr. Hardin stated that construction of the RV Park Lift Station and Force Main project is underway and is scheduled for completion on October 14, 2019. Mr. Hardin noted that the lift station wet well and valve vault have been installed, and the pumps, piping, valves and lifting equipment have been installed. Mr. Hardin added that the generator-set has been delivered and the site electrical work is on-going. Mr. Hardin then reported that Doughtie submitted Pay Estimate No. 4 in the amount of \$82,575.63, a copy of which is attached to the Engineer's Report. Mr. Hardin explained that the pay estimate represents work completed through September 30, 2019. Mr. Hardin stated that the total work completed to-date is \$358,115.40 and the total contract amount (with Change Order No. 1 for \$3,000) increased from \$441,820.50 to \$444,820.50.

Mr. Hardin reported that the Board previously accepted the bid from B-5 Construction Co., Inc. ("B-5") in the base bid amount of \$329,858 for the water plant ("WP") Improvement (booster pumps and hydropneumatic tank) project to serve ClearView. Mr. Hardin stated that the Notice to Proceed has been issued and work will commence on October 8, 2019, a copy of which is attached to the Engineer's Report.

Regarding the status of development of the remaining acreage owned by FQ/LB, L.P. ("FQ/LB") in French Quarter and Lake Breeze subdivisions, Mr. Hardin reported that the Board previously accepted the bid from AR Turnkee Construction Co., Inc. ("AR Turnkee") in the base bid amount of \$394,451 for the water, sewer and drainage improvement project to serve Lake Breeze, Section 3. Mr. Hardin stated that construction is underway and completion is scheduled for February 3, 2020. Mr. Hardin went on to report that FQ/LB plans to proceed with finalizing the engineering and construction of improvements in French Quarter, Section 4 once the lots have sold in Lake Breeze, Section 3.

Mr. Hardin then reported that the Board previously accepted a proposal from Source Point Solutions ("Source Point") in the amount of \$18,466.50 for sanitary sewer line smoke testing and manhole inspections of the existing sections of the French Quarter and Lake Breeze subdivisions. Mr. Hardin stated that the smoke testing and manhole inspections within the existing sections of Lake Breeze and French Quarter are complete and Langford has completed its review of the results. Mr. Hardin then presented to and reviewed with the Board a summary of the defects observed during the smoke testing and manhole inspections, a copy of which is attached to the Engineer's Report. Mr. Hardin stated that Langford recommends working with the District's Operator to locate and repair/rehabilitate certain structures and authorizing additional investigation into any repair deficiencies.

Regarding the Lift Station No. 1 Improvement project, Mr. Hardin reported that Langford is in the process of re-designing the project and has requested updated contractor pricing to revise the scope of work. Mr. Hardin noted that once the project has been re-designed Langford will re-bid the project.

Mr. Hardin went on to explain that the proposal from Paradigm Consultants ("Paradigm") for construction materials testing in connection with the Lift Station No. 1 Improvement Project in the amount of \$10,358.00 will be tabled until a decision is made regarding construction of the Lift Station No. 1 Improvement Project.

Mr. Hardin then reminded the Board that the Texas Commission on Environmental Quality (the "TCEQ") conducted a WP inspection on May 8th and requested a number of documents related to Water Well ("WW") completion data for WW Nos. 2 and 4. Mr. Hardin added that C&C Water Services LLC previously completed plugging and cementing WW No. 2. Mr. Hardin reported that Langford had provided the previously-requested correspondence related to the abandonment of WW No. 2 to the TCEQ along with a request for certain exceptions to the WW No. 4 completion data and has not received response from TCEQ yet.

Mr. Holland exited the meeting at this time.

Mr. Hardin then reported that the construction contract between Clearlake Assets ("Clearlake"), developer of ClearView, and Solid Bridge Construction, Inc. ("Solid Bridge") for the construction of the water, sewer, drainage and paving to serve ClearView was previously approved. Mr. Hardin stated that construction is underway and Solid Bridge has completed approximately 95% of the construction of the water, sewer and drainage facilities and testing is underway. Mr. Hardin then reported that Solid Bridge submitted Pay Estimate No. 4 in the amount of \$54,089.26 and Change Order No. 2 in the amount of \$29,874.00, copies of which are attached hereto. Mr. Hardin stated that Change Order No. 2 reflects additional costs to install gravity sewer along Cude Cemetery Road using the bore and jack method as opposed to open-cut installation. Mr. Hardin stated that the

Engineer recommends concurring with Clearlake's payment of Pay Estimate No. 4 and Change Order No. 2.

Mr. Hardin went on to report that construction is underway on the Lift Station to serve ClearView. Mr. Hardin stated that Langford recently received a call from a resident that neighbors the ClearView Lift Station site regarding the proposed location of the ClearView Lift Station and related deed restrictions on the subject property. An extensive discussion ensued. It was the consensus of the Board that Langford coordinate with Mr. Dru Kahlenberg of Clearlake to obtain more information regarding the location of the Lift Station as well as Clearlake's potential legal and practical resolution of such matter.

Upon motion by Director Hall, seconded by Director Shelly, and after full discussion with all Directors present voting aye, the Board: 1) approved the Engineer's Report; 2) authorized payment of Pay Estimate No. 3 from Excel in connection with the drainage improvement project benefiting ClearView; 3) authorized payment of Pay Estimate No. 4 from Doughtie in connection with the Lift Station and Force Main project to serve the RV Park; and 4) authorized payment of Pay Estimate No. 4 and Change Order No. 2 from Solid Bridge in connection with the water, sewer and drainage to benefit ClearView.

Ms. Mireles exited the meeting at this time.

7. **Attorney's Report.** Ms. Adams noted she had nothing further to report that had not already been discussed under another item.

8. **Operations Report.** Mr. Ivy reviewed the Operations Report, a copy of which is attached hereto. Mr. Ivy reported that the District has 534 connections and a 96.82% water accountability ratio for the period ending September 23, 2019.

Ms. Adams then presented to and reviewed with the Board the letters to the District's out-of-District customers notifying them of the increase of rates for out-of-District customers, effective January 1, 2020.

Mr. Ivy reviewed with the Board the delinquent list, a copy of which is attached to the Operations Report. Mr. Ivy stated that bills were mailed on September 18th. A discussion ensued regarding the recent roof collapse on September 19th at a North Houston United States Postal Service postal sorting center and distribution facility due to Tropical Storm Imelda. It was the consensus of the Board to: 1) waive penalty and interest on September delinquent bills; and 2) not terminate service to any September delinquent accounts next month due to the delay in mail delivery after Tropical Storm Imelda.

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 current delinquent accounts in accordance with the provisions of the District's Rate Order.

Director Haymon then reported that the Operator is in the process of installing the Oleander bushes along the STP berm, but approximately 25 more Oleander bushes are needed. Upon motion by Director Shelly, seconded by Director Hall, after full discussion and with all Directors present voting aye, the Board authorized the purchase of 25 additional Oleander bushes for installation along the STP berm.

A discussion ensued regarding water quality.

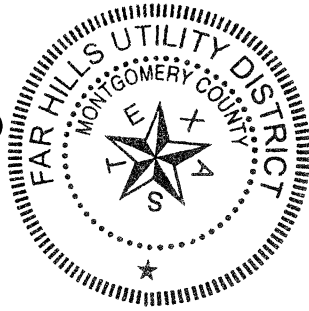
9. **Annual Review of Consultant Contracts.** The Board concurred there was nothing to discuss at this time.


10. **District Website Report.** Director Haymon presented to and reviewed with the Board the website report for the month of September, a copy of which is attached hereto. Director Haymon reported that the new District website recently went live. Director Haymon added that the District's website developer, Ms. Shannon Waugh of Off Cinco, has created District email addresses for each Director.

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

Passed and approved this 14th day of November, 2019.

(DISTRICT SEAL)




Secretary, Board of Directors