

FAR HILLS UTILITY DISTRICT
MINUTES OF BOARD OF DIRECTORS MEETING

April 9, 2020

The Board of Directors (the "Board") of Far Hills Utility District (the "District") met in regular session, open to the public, via teleconference at **713.955.6338, Access Code 2371223**, pursuant to the Texas Governor's suspension of certain Texas Open Meetings Act provisions due to COVID-19, on Thursday, April 9, 2020 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
<i>Vacant</i>	Assistant Secretary
J. Richard Cutler	Director

All members of the Board were present, thus constituting a quorum. Consultants in attendance were: Mr. Michael Others of McCall Gibson Swedlund Barfoot PLLC, auditors for the District; Ms. Regina D. Adams, attorney, and Ms. Carla Christensen, paralegal, of Radcliffe Bobbitt Adams Polley PLLC ("RBAP"), attorney for the District; Mr. Mark Ivy 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; and Mr. Bill Blitch of Blitch Associates, Inc., financial advisors 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 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 March 12, 2020. Upon motion by Director Cutler, seconded by Director Kuhl, after full discussion and with all Directors present voting aye, the Board voted to approve the regular meeting minutes of March 12, 2020, as presented.
3. **Review and approve Audit Report for Fiscal Year Ended December 31, 2019 (the "Audit") and authorize filing of same.** Mr. Others presented a draft of the District's Audit, a copy of which is attached hereto. Mr. Others also reviewed with the Board the Management Letter, a copy of which is also attached hereto. Director Haymon requested that the District's phone number be updated. Upon motion by Director Shelly, seconded by Director Kuhl, after full discussion and with all Directors voting aye, the Board approved the Audit.
4. **Authorize filing of District's Continuing Disclosure.** The Board then discussed authorizing the filing of the District's Audit with the Texas Commission on Environmental Quality ("TCEQ"), as required by same. Ms. Adams explained that the District also has an obligation to update, on an annual basis, certain financial information contained in the District's Orders Authorizing Issuance of Bonds associated with the District's bond issues occurring after 1995, which information will serve to keep bondholders and other interested parties apprised of the financial strength and condition of the

District, and requested the Board's authorization to prepare and file such materials with the appropriate agencies, as well as the TCEQ. Upon motion by Director Shelly, seconded by Director Kuhl, after full discussion and with all Directors voting aye, the Board authorized the filing of the required continuing disclosure materials with the appropriate agencies, including the TCEQ.

5. **Financial Advisor's Report, including review potential refunding of outstanding Series 2012 Bonds.** Mr. Blitch presented to and reviewed with the Board the Financial Advisor's Report, a copy of which is attached hereto. Mr. Blitch then reported that the Series 2020 Refunding Bond Issue is still on hold due to the fluctuating municipal bond market.

6. **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 March, a copy of which is attached hereto. Mr. Holland reported that 96.46% of the 2019 taxes have been collected as of March 31, 2020. Upon motion by Director Kuhl, seconded by Director Shelly, after full discussion and with all Directors present voting aye, the Board approved the Tax Assessor/Collector's Report, as presented.

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 the telephone invoices from GTE. Mr. Holland stated that he will confirm whether the District is receiving the telephone service at the addresses noted prior to payment of such invoice.

Upon motion by Director Cutler, seconded by Director Shelly, after full discussion and with all Directors present voting aye, the Board voted to approve the Bookkeeper's Report, as presented.

8. **Annual review of Investment Policy, amend as necessary.** Ms. Adams then reviewed with the Board the Order Regarding Annual Review of Rules, Policies, and Code of Ethics for the Investment of District Funds and Review of Investments (the "Investment Policy"). Ms. Adams then reported that the authorized broker list, which is required pursuant to the Investment Policy, has been updated. Upon motion by Director Kuhl, seconded by Director Shelly, and after full discussion and with all Directors present voting aye, the Board approved the amendments to the Investment Policy broker list, a copy of which is attached hereto.

9. **Review Service Agreement with Weston Duffy d/b/a Duffy's Lawn Care ("Duffy") and take any necessary action regarding same.** A discussion ensued regarding the billing of lawn maintenance from Duffy. Director Cutler then presented to and reviewed with the Board the District's lawn maintenance costs from Duffy's since March 31, 2019 and a summary of potential savings, copies of which are attached hereto. 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 appointed Director Cutler to coordinate with Duffy to prepare an updated maintenance schedule for Board review.

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

Mr. Hardin reported that the Board previously awarded the construction contract for the Water Plant Improvement (booster pumps and hydropneumatic tank) project ("WP Improvement

Project") to serve ClearView to B-5 Construction Co., Inc. ("B-5") in the base bid amount of \$329,858. Mr. Hardin stated construction has commenced and B-5 has begun electrical work and foundation construction in connection with the hydropneumatic tank replacement. Mr. Hardin noted that the scheduled completion date is June 4, 2020. Mr. Hardin then reported that B-5 submitted Change Order ("CO") No. 1 in the amount of \$3,726.00 and Pay Estimate ("PE") No. 2 in the amount of \$6,217.20, copies of which are attached to the Engineer's Report. Mr. Hardin explained that the pay estimate represents work completed through March 31, 2020. Mr. Hardin stated that CO No. 1 represents additional work necessary to re-route active Water Plant ("WP") auto-sensory control wiring outside the motor control center. Mr. Hardin stated that the total work completed to-date is \$20,068.00 and the contract amount (with CO No. 1) increased to \$333,584.00. Mr. Hardin stated that the Engineer recommends approval of CO No. 1 and PE No. 2.

Mr. Hardin stated that Langford is planning to proceed with advertising for bids for the Lift Station No. 1 Improvement Project, as previously authorized by the Board. Mr. Hardin went on to report that Langford will request an updated proposal from Paradigm Consultants for construction materials testing in connection with the Lift Station No. 1 Improvement Project once the project has been bid.

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 substantially complete and the water and sanitary sewer systems have been approved for taps. Mr. Hardin went on to report that the lift station is also substantially complete and operational, but utility power is not yet available. Mr. Hardin stated that, if necessary, the lift station can be operated on generator power to evacuate the sanitary sewer collection system as a result of active connections (at Clearlake's expense). Mr. Hardin went on to report that several deficiencies were identified during Langford's inspection of the development. Mr. Hardin stated that Langford continues to coordinate with the Clearlake and its engineer to clear the project for final acceptance.

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 Turnkey Construction Co., Inc. 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 complete and Langford will schedule a final inspection of the water and sanitary sewer improvements prior to approval of the section for taps. Mr. Hardin went on to report that FQ/LB plans to proceed with finalizing the engineering for improvements in French Quarter, Section 4 once the lots have sold in Lake Breeze, Section 3.

Upon motion by Director Cutler, seconded by Director Kuhl, and after full discussion with all Directors present voting aye, the Board voted to approve the Engineer's Report, approve CO No. 1 and authorize payment of PE No. 2 from B-5 in connection with the WP Improvement Project to serve ClearView.

Mr. Blitch exited the meeting at this time.

11. **Attorney's Report, including:**

Adopt Resolution Temporarily Authorizing Disbursements by Bookkeeper (the "Resolution"). Ms. Adams next presented the Resolution to the Board and explained that it would allow authorized employees of the Bookkeeper to be additional signatories on the District's bank account with BBVA

in light of the current COVID-19 pandemic upon the Board's review and approval of the invoices. Ms. Adams recommended the Board adopt the Resolution. Upon motion by Director Kuhl, seconded by Director Shelly after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Resolution. A copy of the Resolution is attached hereto.

12. **Operations Report.** Mr. Ivy reviewed the Operations Report, a copy of which is attached hereto. Mr. Ivy reported that the District has 542 connections and a 97.72% water accountability ratio for the period ending March 20, 2020.

Mr. Ivy then reviewed with the Board the delinquent list, a copy of which is attached to the Operations Report. Mr. Ivy noted that the Operator has suspended terminations of service to delinquent accounts in light of COVID-19 and in accordance with the Board's previous decision.

Mr. Ivy next reported that the Operator has ordered the portable generators for the Lift Stations and is awaiting delivery of same.

Mr. Ivy then reported on the recent air pressure issues at the WP and noted that the issue has been resolved. A discussion ensued.

Mr. Ivy went on to report on the procedures that the Operator has implemented during the COVID-19 pandemic. A discussion ensued.

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 and noted it was suspending termination of service to delinquent customer accounts.

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

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

Passed and approved this 14th day of May, 2020.



/s/ Melinda Shelly_____

Secretary, Board of Directors