

FAR HILLS UTILITY DISTRICT
MINUTES OF BOARD OF DIRECTORS MEETING

May 14, 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, May 14, 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: 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 Blich of Blich 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 April 9, 2020. 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 regular meeting minutes of April 9, 2020, as presented.
3. **Financial Advisor's Report, including review status of sale and closing of the Series 2020 Refunding Bonds.** Mr. Blich reported that the Series 2020 Refunding Bond transaction is scheduled to close on May 21st.
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 April, a copy of which is attached hereto. Mr. Holland reported that 97.41% of the 2019 taxes have been collected as of April 30, 2020. Upon motion by Director Cutler, 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.

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.

An extensive discussion ensued regarding the preventative maintenance of the District's generators and invoices from Texas Diesel Maintenance ("Texas Diesel") regarding same. In response to a statement from Director Cutler, Mr. Ivy stated that he will contact Texas Diesel regarding the possibility that they overcharged the District for travel expenses relating to the maintenance of the generators. In response to another question, Mr. Ivy stated he will request that Texas Diesel provide detailed monthly invoices.

A discussion ensued regarding the difference between TexPool and TexPool Prime.

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 Bookkeeper's Report, as presented, authorized payment of the bills therein and authorized the Bookkeeper to sign the disbursements, as previously authorized.

6. **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 for lawn maintenance services by Duffy. Director Cutler then presented to and reviewed with the Board recent correspondence with Duffy and an updated schedule and summary of the scope of lawn maintenance services to be provided by Duffy, copies of which are attached hereto. An extensive discussion ensued regarding ways to cut some of the lawn maintenance costs. It was the consensus of the Board that Director Cutler continue to coordinate with Duffy regarding updating the maintenance schedule and refining the scope of services provided by Duffy. Director Cutler agreed to monitor the lawn maintenance at the District's facilities.

Mr. Blitch exited the meeting at this time.

7. **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 ("WP") 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 is ongoing. Mr. Hardin reported that B-5 has completed installation and start-up of all booster pumps and controls and has completed the installation of the new hydropneumatic tank. Mr. Hardin noted that the scheduled completion date is June 4, 2020. Mr. Hardin then reported that B-5 submitted Change Order ("CO") No. 2 in the amount of \$853.00 and Pay Estimate ("PE") No. 3 in the amount of \$192,467.49, copies of which are attached to the Engineer's Report. Mr. Hardin explained that PE No. 3 represents work completed through April 30, 2020. Mr. Hardin stated that CO No. 2 represents additional work necessary to add the timer delays for the booster pump starter controls within the new motor control center. Mr. Hardin stated that the total work completed to-date is \$233,920.77 and the contract amount (with CO No. 2) increased to \$334,437.00. Mr. Hardin stated that the Engineer recommends approval of CO No. 2 and PE No. 3.

Mr. Hardin stated that Langford advertised for bids for the Lift Station No. 1 Improvement Project, as previously authorized by the Board. Mr. Hardin then presented to and reviewed with the Board the bid tabulation, a copy of which is attached to the Engineer's Report. Mr. Hardin stated that

Langford is recommending award of the Lift Station No. 1 Improvement Project to the low bidder, B-5, in the base bid amount of \$571,338.00. Mr. Hardin went on to state that Langford will obtain an updated proposal from Paradigm Consultants, Inc. for the construction and materials testing for the project.

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 ("WSD") 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 Langford is in the process of setting up utility service to the lift station through the District's existing utility service account. Mr. Hardin next reported that several deficient items identified during Langford's January 2020 inspection of the WSD facilities remain. Mr. Hardin stated that Langford is coordinating with the developer's engineer to address the deficient items. In response to a question, Mr. Holland stated that Mr. Dru Kahlenberg has not yet submitted payment to the District to replenish the deposit on file for Clearlake. Mr. Holland agreed to send another invoice to Clearlake.

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 WSD improvement project to serve Lake Breeze, Section 3. Mr. Hardin stated that construction is complete and paving is substantially complete. Mr. Hardin noted that Langford will schedule a final inspection of the WSD improvements prior to approval of the section for taps. Mr. Hardin went on to report that, based on information provided to Langford, the builder has not yet closed on the purchase of the lots and, therefore, Langford and many of the contractors working with FQ/LB, L.P. on this project have suspended work due to non-payment.

Mr. Hardin requested Board authorization for Langford to review and update, if necessary, the District's five (5) year plan and provide any recommendations to the Board in the coming months.

Upon motion by Director Kuhl, seconded by Director Cutler, and after full discussion with all Directors present voting aye, the Board voted to: 1) approve the Engineer's Report; 2) approve CO No. 2 and authorize payment of PE No. 3 from B-5 in connection with the WP Improvement Project to serve ClearView; 3) accept the bid for the Lift Station No. 1 Improvement Project from B-5 in the amount of \$571,338.00; and 4) authorize Langford to review and update, as may be necessary, the District's five (5) year plan.

8. **Attorney's Report.** Ms. Adams next reported that her office has received the executed utility conveyance documents from Clearlake in connection with ClearView and will be coordinating with Directors Haymon and Shelly to have such documents executed.

Ms. Adams reported that the Association of Water Board Directors – Texas ("AWBD") is offering a free cyber-security webinar, which will meet cyber-security training requirements established by House Bill ("HB") 3834. Ms. Adams noted that HB 3834 requires such training to be completed by all Directors by June 14, 2020.

A discussion ensued regarding the possibility of holding the next Board meeting via video conference. It was the consensus of the Board to hold the June 11th Board meeting via video conference through RingCentral. Ms. Adams agreed to make the necessary scheduling arrangements for the video conference.

9. **Operations Report.** Mr. Ivy reviewed the Operations Report, a copy of which is attached hereto. Mr. Ivy reported that the District has 543 connections and a 98.47% water accountability ratio for the period ending April 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 stated that the Operator is in the process of preparing the District's 2019 Drinking Water Quality Report ("CCR"). Mr. Ivy noted that the 2019 CCR will be prepared and then distributed by electronic mail and regular mail to the District's customers and will be posted at the District's office and on the District's website. In response to a question, Mr. Ivy stated that he will provide the 2019 CCR to Director Haymon for posting on the District's website.

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, suspended termination of service to delinquent customer accounts due to the COVID-19 pandemic and approved and authorized distribution of the District's 2019 CCR to the District's customers, subject to finalization of same.

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

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

Passed and approved this 11th day of June, 2020.



/s/ Melinda Shelly

Secretary, Board of Directors