

**FAR HILLS UTILITY DISTRICT**  
**MINUTES OF BOARD OF DIRECTORS MEETING**

**September 12, 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, September 12, 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, 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; and Mr. Terry Holland of Myrtle Cruz, Inc. (the "Bookkeeper"), bookkeeper 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 5:15 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 August 8, 2019. Upon motion by Director Hall, seconded by Director Kuhl, after full discussion and with all Directors present voting aye, the Board approved the regular meeting minutes of August 8, 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 August, a copy of which is attached hereto. Mr. Holland reported that 99.77% of the 2018 taxes have been collected as of August 31, 2019. Upon motion by Director Shelly, 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. **Public Hearing on Proposed 2019 Tax Rate.** Director Haymon next called the public hearing on the 2019 tax rate to order, notice of which was published, as required, in the *Conroe Courier* at least seven (7) days prior to the meeting. There being no comments from the public, the public hearing was adjourned.
5. **Adopt Order Setting Rate and Levying Tax for 2019 (the "Tax Rate Order").** The Board then considered adoption of the Tax Rate Order. Upon motion by Director Cutler, seconded by

Director Hall, and after full discussion with all Directors present voting, the Board voted unanimously to adopt the Tax Rate Order, with a total ad valorem tax rate of \$0.674 per \$100 of assessed value for tax year 2019, comprised of \$0.335 per \$100 assessed valuation for debt service purposes and \$0.339 per \$100 assessed valuation for operation and maintenance purposes for the fiscal year ending December 31, 2020. A copy of the Tax Rate Order is attached hereto.

6. **Approve Amended and Restated District Information Form.** The Board then discussed the Amended and Restated District Information Form, a copy of which is attached hereto, which is required to be amended to show the current tax rate, the outstanding debt and the Notice to Purchasers form, and is to be recorded in the Montgomery County Real Property Records (the "MCRPR") and filed with the Texas Commission on Environmental Quality (the "TCEQ"). Upon motion by Director Shelly, seconded by Director Cutler, and after full discussion with all Directors present voting aye, the Board approved the Amended and Restated District Information Form, and authorized RBAP to record same in the MCRPR and file with the TCEQ, as required by law.

7. **Adopt Order Appointing Tax Assessor/Collector.** The Board next considered appointing a Tax Assessor/Collector for the collection of the 2019 taxes. Upon motion by Director Hall, seconded by Director Cutler, and after full discussion with all Directors present voting aye, the Board adopted the Order Appointing Tax Assessor/Collector, thereby appointing Ms. McRae as the Tax Assessor/Collector for the District, a copy of which is attached hereto.

8. **Adopt Resolution Concerning Tax Collection Procedures.** The Board next considered a Resolution Concerning Tax Collection Procedures. Upon motion by Director Shelly, seconded by Director Kuhl, and after full discussion with all Directors present voting aye, the Board adopted the Resolution Concerning Tax Collection Procedures, thereby rejecting several tax payment options. A copy of such resolution is attached hereto.

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

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

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 \$441,820.50. 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 then reported that Doughtie submitted Pay Estimate No. 3 in the amount of \$65,535.39, a copy of which is attached to the Engineer's Report. Mr. Hardin explained that the pay estimate represents work completed through August 31, 2019. Mr. Hardin stated that the total work completed to-date is \$266,364.70 and the total contract amount (with Change Order No. 1 for \$3,000) increased from \$441,820.50 to \$444,820.50.

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. 2 in the amount of \$49,437.36 and includes 10% retainage in the amount of \$8,071.15, a copy of which is attached to the Engineer's Report. Mr. Hardin explained that the pay estimate represents work completed through August 31, 2019. Mr. Hardin stated that the total work completed to-date is \$80,711.48 and the contract amount remains unchanged at \$268,748.88.

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 construction contracts have been executed by B-5 and RBAP has reviewed the contract bonds and related insurance. Mr. Hardin then presented the construction contracts for approval and execution.

Mr. Hardin then reported that the construction contract between Clearlake Assets, 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 90% 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. 3 in the amount of \$356,163.39, a copy of which is attached hereto. Mr. Hardin stated that such pay estimates represent work completed through August 26<sup>th</sup>. Mr. Hardin stated that the Engineer recommends concurring with Clearlake Assets' payment of Pay Estimate No. 3.

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. ("AR Turnkey") 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 the Notice to Proceed has been issued and construction is expected to commence the week of September 23<sup>rd</sup>. 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 is in the process of reviewing the results and expects to report on the findings at the October Board meeting. Mr. Hardin then recommended authorizing payment of Source Point invoice no. 59607 in the amount of \$18,656.50 in connection with project.

Regarding the Lift Station No. 1 Improvement project, Mr. Hardin reported that Langford received two (2) bids on August 22, 2019. 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 T&C Construction, Ltd. in the base bid amount of \$610,860.00, a copy of the Engineer's Recommendation for Award is attached to the Engineer's Report. An extensive discussion ensued regarding the amounts of both bids received and the qualifications of both contractors. It was the consensus of the Board to table action on this matter until the project can be redesigned and re-bid.

Mr. Hardin went on to present a 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, a copy which is attached to the Engineer's Report.

Mr. Hardin then reminded the Board that the Texas Commission on Environmental Quality (the "TCEQ") conducted a WP inspection on May 8<sup>th</sup> and requested a number of documents related to Water Well ("WW") completion data for WW Nos. 2 and 4. Mr. Hardin added that the Board previously authorized C&C Water Services LLC to plug and abandon WW No. 2. Mr. Hardin reported that C&C has completed plugging and cementing WW No. 2 and the previously-requested correspondence related to same has been provided to the TCEQ along with a request for certain exceptions to the WW No. 4 completion data, copies of which are attached to the Engineer's Report.

Upon motion by Director Kuhl, seconded by Director Hall, 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 Doughtie in connection with the Lift Station and Force Main project to serve the RV Park; 3) authorized payment of Pay Estimate No. 2 from Excel in connection with the drainage improvement project benefiting ClearView; 4) approved and authorized execution of the construction contract with B-5 for the WP Improvement project to serve ClearView; 5) authorized payment of Pay Estimate No. 3 from Solid Bridge in connection with the water, sewer and drainage to benefit ClearView; and 6) authorized payment of Source Point invoice no. 59607 in the amount of \$18,656.50 for sanitary sewer line smoke testing and manhole inspections of the existing sections of the French Quarter and Lake Breeze subdivisions.

11. **Adopt Resolution Authorizing Use of Surplus Capital Project Funds (the "Surplus Funds Resolution")**. Ms. Adams then presented to the Board the Surplus Funds Resolution. Ms. Adams reported that, according to the Bookkeeper, there remains \$301,329.34 in surplus funds from the District's Series 2015 Bonds in the Capital Projects Fund. Ms. Adams stated a portion of these funds may be declared surplus and can be utilized to: 1) reimburse the District's General Fund for the \$9,475.33, which was previously expended for WP No. 1 maintenance; 2) reimburse the District's General Fund for the \$19,595.94, which was previously expended for Lift Station maintenance and rehabilitation; and 3) pay for necessary costs to abandon WW No. 2. Upon motion by Director Shelly, seconded by Director Hall, and after full discussion with all Directors present voting aye, the Board voted unanimously to adopt the Surplus Funds Resolution, a copy of which is attached hereto.

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

13. **Operations Report**. Ms. Mireles then reviewed the Operations Report, a copy of which is attached hereto. Ms. Mireles reported that the District has 533 connections and a 98.75% water accountability ratio for the period ending August 20, 2019.

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

Upon motion by Director Hall, seconded by Director Cutler, 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.

14. **District Website Report, including approval of Exhibit A to Service Agreement with Off Cinco for the provision of District emails.** Director Haymon presented to and reviewed with the Board the website report for the month of August, a copy of which is attached hereto. Director Haymon reported that he continues to coordinate with Ms. Shannon Waugh of Off Cinco, the District's website developer, regarding the transition to the new District website, which is set to go live soon.

Director Haymon added that he had previously requested Ms. Waugh also create an email address for each Director. Ms. Adams then presented to and reviewed with the Board Exhibit A to the District's Service Agreement with Off Cinco. 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 approve and authorize execution of Exhibit A to the Service Agreement with Off Cinco for the provision of District emails (5 email addresses, up to 30 gigabytes of storage). A copy of the executed Exhibit A is attached hereto.

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

Passed and approved this 10<sup>th</sup> day of October 2019.



*Melinda Shelly*  
Secretary, Board of Directors