

FAR HILLS UTILITY DISTRICT

MINUTES OF BOARD OF DIRECTORS MEETING

November 14, 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, November 14, 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; Mr. Terry Holland of Myrtle Cruz, Inc. (the "Bookkeeper"), bookkeeper for the District; Mr. Bill Blich of Blich Associates, Inc., financial advisors for the District; and Ms. Shannon Waugh of Off Cinco, the District's website service provider.

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 October 3, 2019. Upon motion by Director Cutler, seconded by Director Hall, after full discussion and with all Directors present voting aye, the Board approved the regular meeting minutes of October 3, 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 September, a copy of which is attached hereto. Mr. Holland reported that 99.77% of the 2018 taxes have been collected as of September 30, 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. **Adopt Resolution Casting Ballot for Candidate to Montgomery Central Appraisal District ("MCAD") Board of Directors (the "Resolution Casting Ballot").** Ms. Adams presented to and reviewed with the Board a memorandum from MCAD's Chief Appraiser, Mr. Tony Belinoski, dated October 16, 2019 regarding casting a ballot for the election of a Director to MCAD's Board of Directors for the 2020-2021 term, the Official Ballot and the Resolution Casting Ballot, copies of

which are attached hereto. A discussion ensued regarding the candidate for conservation and reclamation districts, Peggy Hausman. Upon motion by Director Cutler, seconded by Director Kuhl, after full discussion and with all Directors present voting aye, the Board adopted the Resolution Casting Ballot and authorized casting a ballot for the election of Ms. Peggy Hausman to the MCAD Board of Directors for the term of January 1, 2020 through December 31, 2021.

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 Kuhl, seconded by Director Hall, 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.

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 complete and the project was inspected on October 24, 2019 and all deficiencies noted have been addressed. Mr. Hardin then reported that Excel submitted Pay Estimate No. 4 and Final in the amount of \$44,866.84, a copy of which is attached to the Engineer's Report. Mr. Hardin explained that the pay estimate represents work completed through October 31, 2019. Mr. Hardin then reported that Excel submitted Change Order No. 1 and Final in the deductive amount of \$16,829.50, a copy of which is attached to the Engineer's Report. Mr. Hardin stated that this change order represents final work item quantity adjustments to reflect work completed on the project. Mr. Hardin stated that the total work completed to-date is \$251,919.38 and the contract amount (with Change Order No. 1) decreased from \$268,748.88 to \$251,919.38. Mr. Hardin stated that the Engineer recommends payment of Pay Estimate No. 4 and Final and Change Order No. 1 and Final. Mr. Hardin presented the Certificate of Completion, a copy of which is attached to the Engineer's Report.

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 went on to report that construction of the Lift Station is on-going.

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 on the RV Park Lift Station and Force Main project is complete and Langford is in the process of scheduling equipment start-ups and a final inspection of the project. Mr. Hardin noted that the RV Park has not yet completed installation of its diversion sewer so the facility will not be placed in immediate service. Mr. Hardin added that Langford is not aware of the RV Park's schedule for completion of the diversion sewer, but when appropriate, will coordinate with the Operator and RV Park regarding connection to the District's sewer system. Mr. Hardin then reported that Doughtie submitted Pay Estimate No. 5 in the amount of \$59,282.19, a copy of which is attached to the Engineer's Report. Mr. Hardin explained that the pay estimate represents work completed through October 31, 2019 and includes 10% retainage in the amount of \$42,398.45. Mr. Hardin stated that

the total work completed to-date is \$423,984.50 and the total contract amount (with Change Order No. 1 for \$3,000) is \$444,820.50.

Mr. Hardin reported that the Board previously awarded the construction contract for the water plant ("WP") Improvement (booster pumps and hydropneumatic tank ("HPT")) project to serve ClearView to B-5 Construction Co., Inc. ("B-5") in the base bid amount of \$329,858. Mr. Hardin stated that the project is underway with completion scheduled for June 4, 2020. Mr. Hardin added that Langford is reviewing project submittals. Mr. Hardin went on to state that Langford is recommending coating inspections related to the installation of the proposed HPT. Mr. Hardin then reviewed with the Board a proposal from Preventative Services in the amount of \$4,080 to perform the coating inspections, a copy of which is attached hereto. Mr. Hardin then reported that B-5 submitted Pay Estimate No. 1 in the amount of \$11,844, a copy of which is attached to the Engineer's Report. Mr. Hardin explained that the pay estimate represents work completed through October 31, 2019 and includes 10% retainage in the amount of \$1,316. Mr. Hardin stated that the total work completed to-date is \$13,160 and the total contract amount remains unchanged at \$329,858. A discussion ensued regarding the removal of the District's old HPT. Upon motion by Director Kuhl, seconded by Director Shelly, and after full discussion with all Directors present voting aye, the Board authorized the removal of the old WP HPT up to 60 days earlier than originally planned. Director Cutler noted that B-5 remove the existing HPT concrete foundation and replace it immediately upon removal.

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 construction is underway and completion is scheduled for February 3, 2020. Mr. Hardin added that the owner's paving contractor is scheduled to mobilize the week of November 18, 2019. 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.

Regarding the Lift Station No. 1 Improvement project, Mr. Hardin reported that Langford has prepared a preliminary layout for revising the scope of the Lift Station No. 1 Improvement project to include replacement of Lift Station No. 1. Mr. Hardin then presented to and reviewed with the Board the updated project scope and related cost estimates for the project, a copy of which is attached hereto. A discussion ensued.

Mr. Hardin reminded the Board that the proposal from Paradigm Consultants ("Paradigm") for construction materials testing in connection with the Lift Station No. 1 Improvement Project will be tabled until a decision is made regarding construction of the Lift Station No. 1 Improvement Project.

Mr. Hardin stated to 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. Hardin next presented to and reviewed with the Board correspondence from the TCEQ dated November 1, 2019, regarding final approval of the exceptions for WW No. 6, a copy of which is attached to the Engineer's Report. Mr. Hardin noted that approval of such exceptions is conditioned upon on-going monthly WW No. 6 raw water bacteriological sampling and testing, including an update to the District's monitoring plan. Mr. Hardin stated that the Operator will address these conditions moving forward.

Mr. Blich exited the meeting at this time.

Upon motion by Director Shelly, 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. 4 and Final and Change Order No. 1 and Final from Excel in connection with the drainage improvement project benefiting ClearView; 3) accepted the Certificate of Completion in connection with the drainage improvement project benefiting ClearView; 4) authorized payment of Pay Estimate No. 5 from Doughtie in connection with the Lift Station and Force Main project to serve the RV Park; 5) authorized payment of Pay Estimate No. 1 from B-5 in connection with the WP Improvement project; and 6) accepted the proposal from Preventative Services in the amount of \$4,080 for coating inspection services in connection with the WP Improvement project (HPT re-coating).

7. **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 the District has 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 for the Sanitary Sewer Line and Manhole Rehabilitation project. Upon motion by Director Cutler, seconded by Director Kuhl, 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.

8. **District Website Report**. Director Haymon and Ms. Waugh presented to and reviewed with the Board the website and analytics report for the month of October, a copy of which is attached hereto. Ms. Waugh then reported on the new District website. It was the consensus of the Board that the District's website include a District administration building reservation calendar/tracker and that such website be editable by the Board members.

9. **Attorney's Report, including adopt Resolution Regarding Public Information Maintained on Privately Owned Devices**. Ms. Adams then reviewed with the Board the Resolution Regarding Public Information Maintained on Privately Owned Devices (the "Public Information Resolution"), a copy of which is attached hereto. Ms. Adams explained that pursuant to Senate Bill 944 of the 86th Texas Legislature, all Directors are required to preserve public information held on a privately owned device and as such, she is recommending the District adopt the Public Information Resolution to ensure compliance with the new requirements. 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 Public Information Resolution.

10. **Operations Report**. Ms. Mireles reviewed the Operations Report, a copy of which is attached hereto. Ms. Mireles reported that the District has 534 connections and a 94.91% water accountability ratio for the period ending October 21, 2019.

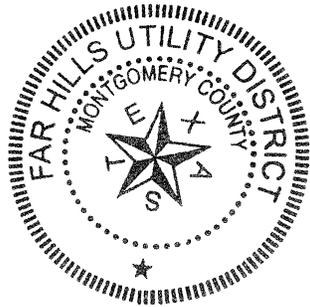
Ms. Mireles then reviewed with the Board the delinquent list, a copy of which is attached to the Operations Report.

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

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

Passed and approved this 12th day of December, 2019.

(DISTRICT SEAL)



Secretary, Board of Directors