

FAR HILLS UTILITY DISTRICT
MINUTES OF BOARD OF DIRECTORS MEETING

March 12, 2020

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, March 12, 2020, 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 of Radcliffe Bobbitt Adams Polley PLLC ("RBAP"), attorney for the District; Mr. Mark Ivy and 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; 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 February 13, 2020. Upon motion by Director Shelly, seconded by Director Kuhl, after full discussion and with all Directors present voting aye, the Board voted to approve the regular meeting minutes of February 13, 2020, as presented.
3. **Discuss nomination process and potential nominees for appointment to vacancy on Board.** An extensive discussion ensued. It was the consensus of the Board to table further discussion or action on such matter until after the August deadline for submitting applications for a place on the ballot for the November 3, 2020 Directors election.
4. **Financial Advisor's Report, including review potential refunding of outstanding Series 2012 Bonds.** Mr. Blich reported that the District has prequalified for a bond insurance rating, but the municipal bond market is fluctuating, which is not favorable for issuing refunding bonds to refund the outstanding Series 2012 Bonds.
5. **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 February, a copy of which is attached hereto. Mr. Holland reported that 94.54% of the 2019 taxes have been collected as of

February 29, 2020. Upon motion by Director Kuhl, seconded by Director Shelly, after full discussion and with all Directors present voting aye, the Board voted to approve the Tax Assessor/Collector's Report, as presented.

6. **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 billing of lawn maintenance from Duffy's Lawn Care ("Duffy") for the WGB Park on the Lake RV Park (the "RV Park") Lift Station. In response to a question from Director Cutler, Mr. Hardin stated that all lawn maintenance performed at the RV Park Lift Station should be billed to the RV Park along with any other operational expenses for such Lift Station. Director Cutler then reviewed with the Board Duffy's 2015 proposal, a copy of which is attached hereto and noted various concerns with additional work perform beyond such scope. A discussion ensued and Ms. Adams noted she would review the Duffy contract and provide same to Director Cutler to discuss with Duffy.

Upon motion by Director Kuhl, 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.

7. **Review of Arbitrage Rebate and Yield Restriction Compliance Service Program Report as of February 26, 2020.** Ms. Adams then reviewed with the Board the annual Rebate and Yield Restriction Compliance Service Program Report (the "Arbitrage Report") recently prepared by Arbitrage Compliance Specialists, Inc. ("ACS") concerning the District's active bond issues as of February 26, 2020, a copy of which is attached hereto. Ms. Adams noted that she met with Director Kuhl prior to the meeting to review the post-issuance compliance checklists for FYE December 31, 2019.

8. **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 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 was completed February 7th and is under warranty through February 6, 2021.

Mr. Hardin reported that the Board previously awarded the construction contract for the Water Plant Improvement (booster pumps and hydropneumatic tank) project to serve ClearView to B-5 Construction Co., Inc. ("B-5") in the base bid amount of \$329,858. Mr. Hardin stated that B-5 has mobilized and begun the electrical work and foundation construction for the hydropneumatic tank replacement.

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).

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 and construction of improvements in French Quarter, Section 4 once the lots have sold in Lake Breeze, Section 3.

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

9. **Review and approve proposed rate schedule increase to Amended and Restated Agreement for Engineering Services with Langford Engineering, Inc.** Mr. Hardin next presented Langford's proposed 2020 rate schedule for engineering services, a copy of which is attached hereto. Mr. Hardin noted that it has been five (5) years since Langford's last rate schedule increase. A discussion ensued and Mr. Hardin presented an amendment to Langford's contract to reflect such increase. Upon motion by Director Shelly, seconded by Director Kuhl, after full discussion and the question being put to the Board, the Board voted unanimously to approve Langford's request for a proposed rate increase for 2020 and the corresponding contract amendment.

10. **Attorney's Report.** Ms. Adams reported on potential scheduling concerns for the April 9th Board meeting if COVID-19 continues to be an issue. A discussion ensued.

11. **Approve Insurance Renewal Proposal.** Director Kuhl then reviewed with the Board the insurance renewal proposals received from Arthur J. Gallagher & Co. ("Gallagher"). Ms. Adams stated that the insurance premium increased from \$14,898 last year to \$15,126. Upon motion by Director Cutler, seconded by Director Shelly, after full discussion with all Directors present voting aye, the Board accepted the Gallagher renewal insurance proposal, a copy of which is attached hereto.

12. **Annual Review of Rate Order and take necessary action on same.** Mr. Ivy stated that the Operator is not recommending any changes to the District's Rate Order at this time.

13. **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 95.35% water accountability ratio for the period ending February 20, 2020.

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

A discussion ensued regarding suspending termination of service to delinquent accounts in light of COVID-19.

Ms. Mireles stated that the Operator will provide RBAP with the total costs associated with the sanitary sewer and manhole rehabilitation in French Quarter, Section 1 and Lakebreeze, Section 1 in order to finalize the Resolution Authorizing Use of Surplus Capital Project Funds.

Upon motion by Director Kuhl, seconded by Director Shelly, after full discussion and with all Directors present voting aye, the Board voted to: 1) approve the Operations Report; and 2) temporarily suspend termination of service to the delinquent accounts due to COVID-19.

Director Kuhl then presented to and reviewed with the Board the sealed bids from the sole bidder, Mr. H. Wayne Lanier, for the purchase of the District's three (3) mobile generators and trailers ("Surplus Property"), copies of which are attached hereto. Upon motion by Director Shelly, seconded by Director Kuhl, after full discussion and with all Directors present voting aye, the Board voted unanimously to accept the bids for the generators from Mr. Lanier and authorize issuance of a Bill of Sale to Mr. Lanier for the purchase of the Surplus Property.

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

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

Passed and approved this 9th day of April, 2020.



/S/ Mindy Shelly
Secretary, Board of Directors