

FAR HILLS UTILITY DISTRICT

MINUTES OF BOARD OF DIRECTORS MEETING

June 11, 2020

The Board of Directors (the "Board") of Far Hills Utility District (the "District") met in regular session, open to the public, **via video conference**, pursuant to the Texas Governor's suspension of certain Texas Open Meetings Act provisions due to COVID-19, on Thursday, June 11, 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 5:15 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. **Election Agenda.** The Board discussed the November 3, 2020 Directors Election (the "Election"). Ms. Adams noted that Directors Shelly and Cutler are the incumbents.

The Board discussed appointment of a designated agent for the Election. Upon motion by Director Shelly, seconded by Director Cutler, and after full discussion and with all Directors present voting aye, the Board appointed RBAP as the District's designated agent for the Election.

Ms. Adams stated that RBAP will post the Notice of Deadline to File an Application for a Place on the Ballot for the Election in the District and on the District's website no later than June 18th. Ms. Adams noted that the first day on which applications can be accepted is July 18, 2020, and the application deadline is 5:00 p.m., on Monday, August 17, 2020.

3. **Minutes.** The Board considered approval of the regular meeting minutes of May 14, 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 May 14, 2020, as presented.

Director Kuhl entered the meeting at this time.

4. **Financial Advisor's Report, including Review Status of Closing of the Series 2020 Refunding Bonds.** Mr. Blich reported that the Series 2020 Refunding Bond transaction successfully closed on May 21st.

5. **Authorize Execution of Updated Management Representation Letter to McCall Gibson Swedlund Barfoot PLLC ("McCall Gibson").**

Ms. Adams then reported that in order for the District's auditor, McCall Gibson, to comply with the new Statement No. 133 on Auditing Standards (relating to the auditor's involvement with tax exempt offering documents), McCall Gibson has requested an updated Management Representation Letter from the District. A brief discussion ensued. Upon motion by Director Cutler, seconded by Director Shelly, after full discussion and the question being put before the Board, the Board voted unanimously to approve and authorize execution of the updated Management Representation Letter to McCall Gibson related to the District's issuance of the Series 2020 Refunding Bonds, a copy of which is attached hereto.

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 April, a copy of which is attached hereto. Mr. Holland reported that 97.98% 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.

7. **Delinquent Tax Attorney Report.** Ms. Adams next reviewed the Delinquent Tax Attorney's Report submitted by Perdue Brandon Fielder Collins & Mott, L.L.P. ("Perdue Brandon"), a copy of which is attached hereto. Upon motion by Director Shelly, seconded by Director Cutler, after full discussion and with all Directors present voting aye, the Board approved the Delinquent Tax Attorney's Report, as presented.

8. **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.

In response to a question from Director Haymon, Mr. Holland stated that the account(s) with Frontier Communications for telephone service have been closed. A discussion ensued.

In response to a question from Director Shelly, Director Cutler stated that, from this point forward, he only plans to meet with Duffy's Landscaping, the District's landscape maintenance provider, as needed.

In response to a question, Mr. Holland stated that Mr. Dru Kahlenberg, of Clearlake Assets ("Clearlake"), developer of ClearView Estates ("ClearView") has not yet submitted payment to the District to replenish the construction deposit on file for ClearView. A discussion ensued.

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, authorized payment of the bills therein and authorized the Bookkeeper to sign the disbursements, as previously authorized.

9. **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 and nearing completion. 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 final coatings are underway and testing/clean-up remain to complete the project. Mr. Hardin then reported that B-5 submitted Change Order ("CO") No. 2 in the amount of \$853.00 and Pay Estimate ("PE") No. 4 in the amount of \$60,615.84, copies of which are attached to the Engineer's Report. Mr. Hardin explained that PE No. 4 represents work completed through May 29, 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 \$301,271.70 and the contract amount (with CO No. 2) increased to \$334,437.00. Mr. Hardin noted that CO No. 2 was approved at the May 14th Board meeting. Mr. Hardin stated that the Engineer recommends approval of PE No. 4.

Mr. Hardin reported that the Board previously awarded the construction contract for the Lift Station No. 1 Improvement Project ("LS 1 Improvement Project") to B-5 in the base bid amount of \$571,338.00. Mr. Hardin reported that B-5 has executed the construction contract and the bonds and insurance have been reviewed by RBAP. Mr. Hardin recommended authorizing execution of the construction contract for the LS 1 Improvement Project. Mr. Hardin stated that Langford will schedule a pre-construction conference and subsequently issue the Notice to Proceed for the project.

Mr. Hardin went on to present an updated proposal from Paradigm Consultants, Inc. ("Paradigm") for the construction and materials testing for the LS 1 Improvement Project, a copy of which is attached hereto. Mr. Hardin stated that the cost for materials testing is \$12,372. Mr. Hardin requested that RBAP review the proposed Service Agreement from Paradigm and noted that the Paradigm proposal can be approved at a subsequent meeting.

Mr. Hardin then reported that the construction contract between Clearlake 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 coordinating with the developer regarding start-up. 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.

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 FQ/LB now has Lennar Homes under contract for home construction in Lake Breeze, Section 3.

Mr. Hardin then presented to and reviewed with the Board the updated District five (5) year plan, a copy of which is attached hereto.

Upon motion by Director Kuhl, seconded by Director Shelly, 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 PE No. 4 and authorize payment of same to B-5 in connection with the WP Improvement Project to serve ClearView; 3) authorize execution of the construction contract with B-5 for the LS 1 Improvement Project; 4) authorize RBAP to review the Service Agreement with Paradigm for the construction and materials testing for the LS 1 Improvement Project; and 5) approve the District's five (5) year plan.

10. **Attorney's Report.** Ms. Adams stated that she has nothing to report at this time.

11. **Operations Report.** Mr. Ivy reviewed the Operations Report, a copy of which is attached hereto. Mr. Ivy reported that the District has 544 connections and a 99.68% water accountability ratio for the period ending May 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.

A discussion ensued regarding a private lift station located at a residence in the District.

In response to a request from Director Shelly, Mr. Ivy stated that the Operator will further investigate a potential illegal connection at a residence near Crosswinds and East Shore Drive.

Regarding the previous discussion regarding the preventative maintenance of the District's generators and invoices from Texas Diesel Maintenance ("Texas Diesel") for same, Mr. Ivy stated that he is coordinating with Texas Diesel and anticipates that a representative will be able to attend the next in-person Board meeting to discuss the invoices and work performed.

Upon motion by Director Cutler, seconded by Director Shelly, after full discussion and with all Directors present voting aye, the Board approved the Operations Report and suspended termination of service to delinquent customer accounts due to the COVID-19 pandemic.

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

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

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



/S/ Mindy M. Shelly