

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

**August 13, 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 (the "OMA") provisions due to COVID-19, on Thursday, August 13, 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 and Ms. Erica 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 advisor for the District; and Ms. Shannon Waugh of Off Cinco, website services provider 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 5:02 p.m., and declared it open for such business as may come before the Board. The Board meeting was recorded as required by the Texas Governor's declaration suspending certain provisions of the OMA.

1. **Public Comment.** There were no public comments at this time.
2. **Minutes.** The Board considered approval of the regular meeting minutes of July 9, 2020. Upon motion by Director Shelly, seconded by Director Cutler, after full discussion and with all Directors present voting aye, the Board voted to approve the regular meeting minutes of July 9, 2020, 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 July, a copy of which is attached hereto. Mr. Holland reported that 99.05 % of the 2019 taxes have been collected as of June 30, 2020.
4. **Discuss 2020 tax rate setting process, hear Financial Advisor's recommendation, authorize publication of proposed tax rate, and establish public hearing date regarding same.** Mr. Blich then distributed copies of the 2020 tax rate recommendation to the Board, a copy of which is attached hereto. Mr. Blich noted that there was a 3.72% increase in the District's assessed valuation from 2019 to 2020. After some discussion with the Board, Mr. Blich recommended a proposed total ad valorem tax rate of \$0.673 per \$100 assessed valuation, comprised of \$0.335 per \$100 assessed valuation for debt service purposes and \$0.338 per \$100 assessed valuation for

operation and maintenance purposes. Mr. Blich added that, based on a total tax rate of \$0.673, the average homeowner's tax bill would increase approximately \$57.00. After extensive discussion, the Board reviewed the new tax rate setting, publication and public hearing process under Senate Bill. Upon motion by Director Kuhl, seconded by Director Cutler, and with all Directors present voting aye, the Board authorized the publication of the proposed 2020 tax rate of \$0.673 per \$100 assessed valuation in the *Conroe Courier*, scheduled the public tax hearing to be held at the September 10<sup>th</sup> Board meeting and designated the District as 'developing' for purposes of setting its tax rate.

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.

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. Ms. Adams then reported on her recent correspondence with Mr. Kahlenberg, who stated that Clearlake indicated that they would be submitting a payment to the District the day of the Board meeting, which had not been received.

Upon motion by Director Cutler, seconded by Director Kuhl, 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. **District Website Report.** A discussion ensued regarding the possibility of allowing the District's consultants to attend the Board meetings via video conference going forward. Ms. Waugh then explained the services and software that Off Cinco could provide for such meeting arrangements. It was the consensus of the Board that Director Haymon continue coordinating with Ms. Waugh regarding the purchase of necessary software and equipment (and related costs for same), which would allow the District's consultants and members of the public to attend Board meetings virtually.

Ms. Waugh 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. Rodriguez stated construction is complete and awaiting final inspection, pending approval of remaining operation and maintenance documentation from B-5. Mr. Hardin noted that the total work completed to-date is \$318,594.00 and the contract amount (with previous Change Orders) increased to \$334,437.00.

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 was issued a work order dated June 29<sup>th</sup>. Mr. Hardin stated that anticipated construction completion is scheduled for December 26, 2020. Mr. Hardin added that Langford is currently reviewing submittals and construction is scheduled to commence mid-September.

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 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 ClearView's engineer to address the deficient items and clear the project for final acceptance.

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 was inspected the week of August 3<sup>rd</sup> with minor deficiencies noted. Mr. Hardin added that a Certificate of Completion will be issued along with the final pay estimate and change order for acceptance and approval at the next Board meeting.

A discussion ensued regarding the recently published proposed new rules of the Lone Star Groundwater Conservation District, including: 1) new spacing requirements between water wells; and 2) declassifying groundwater from the Catahoula aquifer as an 'alternate water source.'

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

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

9. **Operations Report.** Mr. Ivy reviewed the Operations Report, a copy of which is attached hereto. Mr. Ivy reported that the District has 566 connections and a 92.3% water accountability ratio for the period ending July 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.

Upon motion by Director Kuhl, 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.

Mr. Ivy exited the meeting at this time.

10. **Discuss nomination process and potential nominees for appointment to vacancy on Board.** Ms. Adams reviewed the process for appointment to the Board. A discussion ensued. It was the consensus of the Board to table any action on this matter until after the deadline to file an application for a place on the ballot for the November 3, 2020 Directors Election (the "Election"), which is August 17, 2020.

11. **District Website Report (-continued-).** Director Haymon presented to and reviewed with the Board the website report for the month of July, a copy of which is attached hereto.

12. **Adopt Order Calling Director's Election.** The Board next discussed the Election. Ms. Adams presented an Order Calling Directors Election for the Board's review and approval, and reminded the Board that the District is scheduled to hold a Joint Election with Montgomery County (the "County"), if it may be necessary. Upon motion by Director Kuhl, seconded by Director Shelly, after full discussion and with all Directors present voting aye, the Board approved the Order Calling Directors Election as presented, a copy of which is attached hereto.

13. **Approve Election Services Agreement and Joint Election Agreement with the County and authorize payment to the County for joint election costs.** Ms. Adams then presented the Election Services Agreement and Joint Election Agreement (collectively, the "Election Agreements") with the County for the District's Election, copies of which are attached hereto. Ms. Adams explained that the purpose of the Agreements are to authorize the County to conduct/administer the

District's Election in conjunction with the County's election (the "Joint Election"). Upon motion by Director Kuhl, seconded by Director Shelly, and after full discussion with all Directors present voting aye, the Board approved and authorized the execution of the Agreements.

Ms. Adams then reported that, if the District's Election is held, the District will be required to submit a 60% deposit to the County in connection with administration of the Joint Election. 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 payment of the 60% deposit to the County, if necessary.

14. **Determine Canvassing Date for Election.** Ms. Adams next asked the Board to select a date for canvassing the Election, explaining that such date must be no earlier than the third (3<sup>rd</sup> day) after the Election (November 6<sup>th</sup>) and no later than the 14<sup>th</sup> day after the Election (November 17<sup>th</sup>). Ms. Adams then reminded the Board that only two (2) members of the Board need to be present to establish a quorum of the canvassing authority. The Board selected November 14, 2020 as the canvassing meeting date.

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 September 2020.



/s/ Melinda M. Shelly  
Secretary, Board of Directors