

# FAR HILLS UTILITY DISTRICT

## MINUTES OF BOARD OF DIRECTORS MEETING

September 10, 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, September 10, 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; and Mr. Bill Blich of Blich Associates, Inc., financial advisor 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.

Director Shelly entered the meeting at this time.

2. **Minutes.** The Board considered approval of the regular meeting minutes of August 13, 2020. Upon motion by Director Kuhl, seconded by Director Cutler, after full discussion and with all Directors present voting aye, the Board voted to approve the regular meeting minutes of August 13, 2020, as presented.

3. **Public Hearing on Proposed 2020 Tax Rate.** Director Haymon next called the public hearing on the 2020 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.

4. **Adopt Order Setting Rate and Levying Tax for 2020 (the "Tax Rate Order").** The Board then considered adoption of the Tax Rate Order. Upon motion by Director Cutler, seconded by Director Kuhl, 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 \$0.673 per \$100 of assessed value for tax year 2020, comprised of \$0.335 per \$100 assessed valuation for debt service

purposes and \$0.338 per \$100 assessed valuation for operation and maintenance purposes for the fiscal year ending December 31, 2021. A copy of the Tax Rate Order is attached hereto.

5. **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 Kuhl, 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.

6. **Adopt Order Appointing Tax Assessor/Collector.** The Board next considered appointing a Tax Assessor/Collector for the collection of the 2020 taxes. Upon motion by Director Cutler, seconded by Director Shelly, 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.

7. **Adopt Resolution Concerning Tax Collection Procedures.** The Board next considered a Resolution Concerning Tax Collection Procedures. Upon motion by Director Kuhl, seconded by Director Shelly, 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.

8. **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 99.18 % of the 2019 taxes have been collected as of July 31, 2020. Upon motion by Director Shelly, seconded by Director Kuhl, and after full discussion with all Directors present voting aye, the Board approved the Tax Assessor/Collector's Report.

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 Shelly, 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.

10. **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 Estates ("ClearView") to B-5 Construction Co., Inc. ("B-5") in the base bid amount of \$329,858. Mr. Hardin stated construction is substantially complete and a final inspection was conducted on September 9<sup>th</sup>. Mr. Hardin stated that Langford anticipates full completion of the project by the October Board meeting, subject to B-5's completion of any punch-list items. 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 most of the deficient items identified during Langford's January 2020 inspection have been addressed. Mr. Hardin stated that Langford will continue to coordinate with ClearView's engineer to address the remaining 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, which have since been addressed. Mr. Hardin then presented a Certificate of Completion along with the Final Pay Estimate and Change Order for acceptance, copies of which are attached hereto. Mr. Hardin added that Langford has no objection to the District allowing new residential taps in Lake Breeze, Section 3. Mr. Hardin went on to report that Langford has been provided with authorization by the developer to proceed with design of French Quarter, Section 4.

Upon motion by Director Kuhl, seconded by Director Cutler, and after full discussion with all Directors present voting aye, the Board voted to approve the Engineer's Report, approve the Final Pay Estimate and Change Order for the Lake Breeze Section 3 WSD Project and accept the Certificate of Completion in connection with same.

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

12. **Operations Report.** Mr. Ivy reviewed the Operations Report, a copy of which is attached hereto. Mr. Ivy reported that the District has 575 connections and a 95.67% water accountability ratio for the period ending August 20, 2020.

Mr. Ivy then reviewed with the Board the delinquent water account 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.

Mr. Ivy next reported on how the Operator handled the extended power-outage due to Hurricane Laura. A discussion ensued regarding the District's need for additional generators for the lift stations.

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

13. **Authorize Director Attendance at Association of Water Board Directors – Texas ("AWBD") Fall Seminar and Mid-Winter Conference.** The Board then discussed authorizing the

Directors' attendance at the AWBD Mid-Winter Conference in Austin, Texas on January 29-30, 2020. Upon motion by Director Kuhl, seconded by Director Shelly, and after full discussion with all Directors present voting aye, the Board voted unanimously to authorize the Director's attendance at the AWBD Mid-Winter Conference.

14. **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 start accepting applications from persons interested in being appointed to fill the vacant Director position. Director Haymon stated that he would post the application on the District's website with a note that the Board will be accepting applications until 12:00 p.m. on Wednesday, October 7<sup>th</sup>.

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

16. **Adopt Order Declaring Unopposed Candidates Elected to Office and Cancelling the November 3, 2020 Directors Election (the "Order Cancelling Election").** Ms. Adams then presented the Order Cancelling Election in connection with the November 3, 2020 Directors Election for the Board's approval, a copy of which is attached hereto. Ms. Adams explained that since the candidates to be listed on the ballot for the 2020 Directors Election are unopposed, Directors Shelly and Cutler, the District is not required to hold an election and reminded the Board that it had previously established a policy that no election would be held if there were no opposed candidates.

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 Order Cancelling Election, thereby declaring Directors Shelly and Cutler each elected to office for a four (4) year term to expire in November 2024. Ms. Adams noted that a copy of the Order Cancelling Election would be posted in the District on Election Day, as required by the provisions of the Texas Election Code.

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

Passed and approved this 8<sup>th</sup> day of October 2020.



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