

FAR HILLS UTILITY DISTRICT

MINUTES OF BOARD OF DIRECTORS MEETING

July 9, 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, July 9, 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; Mr. 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 5:05 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. **Operations Report.** Mr. Ivy reviewed the Operations Report, a copy of which is attached hereto. Mr. Ivy reported that the District has 554 connections and a 95.21% water accountability ratio for the period ending June 19, 2020.

Director Shelly entered the meeting at this time.

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.

Director Cutler requested that the Operator coordinate with Duffy's Landscaping regarding the removal of the large rocks at the Wastewater Treatment Plant (the "STP") site, which are requiring additional lawn maintenance costs.

A discussion ensued regarding the old fencing at the STP. It was the consensus of the Board that the Operator haul off and dispose of the old fencing.

Mr. Ivy noted he would review the large generator maintenance invoices with Director Cutler.

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

3. **Minutes.** The Board considered approval of the regular meeting minutes of June 11, 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 June 11, 2020, as presented.

4. **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 May, a copy of which is attached hereto. Mr. Holland reported that 97.98% of the 2019 taxes have been collected as of May 31, 2020. Mr. Holland noted that the June report had not yet been provided.

Mr. Blich then reported that he is coordinating with Ms. McRae regarding the new tax rate calculations and processes in light of the implementation of the new statutory requirement under Senate Bill 2. Mr. Blich anticipates presenting the "Voter Approved" tax rate at the August Board meeting and the Board setting the District's 2020 tax rate at its September meeting.

Mr. Ivy exited the meeting at this time.

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. A discussion ensued. Ms. Adams then reported on her recent correspondence with Mr. Kahlenberg, who stated that Clearlake will make a payment to the District by the end of July.

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 Bookkeeper's Report, as presented, authorized payment of the bills therein and authorized the Bookkeeper to sign the disbursements, as previously authorized.

6. **Engineer's Report.** Mr. Rodriguez then reviewed the Engineer's Report, a copy of which is attached hereto.

Mr. Rodriguez 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 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. Rodriguez noted that the final coatings and testing are complete and the final inspection and approval of the operation and maintenance documentation remain to complete the project. Mr. Rodriguez then reported that B-5 submitted Pay Estimate ("PE") No. 5 in the amount of \$15,590.07, a copy of which is attached to the Engineer's Report. Mr. Rodriguez explained that PE No. 5 represents work completed through June 29, 2020. Mr. Rodriguez stated 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. Rodriguez stated that the Engineer recommends approval of PE No. 5.

Mr. Rodriguez 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 29th. Mr. Rodriguez stated that anticipated construction completion is scheduled for December 26, 2020.

Mr. Rodriguez then reported that the proposal from Paradigm Consultants, Inc. ("Paradigm") for the construction and materials testing for the LS 1 Improvement Project has been reviewed by RBAP and minor comments on same have been provided to Paradigm. Mr. Rodriguez noted that once the Paradigm proposal is corrected, Langford will authorize Paradigm to proceed with the materials testing on behalf of the District.

Mr. Rodriguez 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. Rodriguez stated that construction is substantially complete and the water and sanitary sewer systems have been approved for taps. Mr. Rodriguez went on to report that Langford is in the process of coordinating with ClearView regarding start-up. Mr. Rodriguez next reported that several deficient items identified during Langford's January 2020 inspection of the WSD facilities remain. Mr. Rodriguez 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. Rodriguez 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. Rodriguez stated that FQ/LB closed on the sale of approximately 30 lots to Lennar Homes for home construction in Lake Breeze, Section 3.

Upon motion by Director Cutler, 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 PE No. 5 and authorize payment of same to B-5 in connection with the WP Improvement Project to serve ClearView; and 3) authorize execution of the corrected Service Agreement with Paradigm for the construction and materials testing for the LS 1 Improvement Project.

7. **Attorney's Report.** Ms. Adams reported that the Order Calling Directors Election (for the November 3, 2020 general election) will be presented to the Board at the August 13th Board meeting.

8. **Review Arbitrage Rebate Calculations.** Ms. Adams then reviewed with the Board the Arbitrage Rebate Calculations for the fifth (5th) year rebate installment computation period for the Series 2015 Refunding Bonds (the "Arbitrage Report") recently prepared by Arbitrage Compliance Specialists, Inc., a copy of which is attached hereto. Ms. Adams noted that no action is required by the District.

9. **Designate a District Voting Representative for Casting a Ballot in the Association of Water Board Directors-Texas (the "AWBD") Trustee Election.** Ms. Adams then reported that AWBD has cancelled the in-person 2020 Annual Conference from August 6-8, 2020 in light of COVID-19. Ms. Adams then stated that AWBD will be holding the 2020 Annual Conference virtually on August 7th and 8th and conference registration is open.

Ms. Adams then reported that AWBD will be conducting the upcoming Trustee Election online via Simply Voting. Ms. Adams recommended that the Board designate one (1) member to cast the District's ballot in the Trustee Election (scheduled for Friday, August 7th from 10 a.m. to 2:30 p.m.). A discussion ensued.

Upon motion by Director Kuhl, seconded by Director Cutler, after full discussion and the question being put to the Board, the Board voted unanimously to designate Director Haymon as the District's representative for purposes of casting a ballot in the AWBD Trustee Election on August 7th.

Ms. Adams stated that her office will notify AWBD that Director Haymon is the District's designated voting representative after which AWBD will provide Director Haymon with an email confirmation and a password for voting on Simply Voting.

10. **Authorize Director Attendance AWBD Fall Seminar and Mid-Winter Conference.** The Board then discussed authorizing the Directors' attendance at the AWBD Fall Seminar and Mid-Winter Conference in Austin, Texas on January 29-30, 2021. Upon motion by Director Cutler, seconded by Director Kuhl, and after full discussion with all Directors present voting aye, the Board voted unanimously to authorize the Director's attendance at the AWBD Fall Seminar and the AWBD Mid-Winter Conference.

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

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

Passed and approved this 13th day of August, 2020.



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