

## FAR HILLS UTILITY DISTRICT

### MINUTES OF BOARD OF DIRECTORS MEETING

November 12, 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, November 12, 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. Hannah Slaven, 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; Mr. Tim Hardin, 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 Mr. Mike Godsey, a resident of 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, 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. **Election Agenda.** Ms. Adams reminded the Board that the District's November 3, 2020, Directors Election had been cancelled due to Directors Shelly and Cutler running unopposed, and that their Certificates of Election could now be executed and issued by the Board President. Ms. Adams reviewed the Affidavits for Director, copies of which are available upon request, with Directors Shelly and Cutler, who executed same, thereby verifying their qualifications to serve as Directors of the District.

Ms. Adams next reviewed with Directors Shelly and Cutler their sworn Statements of Elected/Appointed Officer, as required by the Texas Constitution, copies of which are available upon request, which statements were then duly executed by Directors Shelly and Cutler. Ms. Adams proceeded to administer the Oaths of Office to Directors Shelly and Cutler, copies of which are available upon request.

2. **Public Comment.** There were no public comments at this time.

3. **Minutes.** The Board considered approval of the regular meeting minutes of October 8, 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 October 8, 2020, as presented.

4. **Discuss Nominations for Director Appointment.** Director Cutler nominated Mr. Godsey for the vacancy. Such nomination was seconded by Director Kuhl. With Directors Cutler and Kuhl voting in favor of Mr. Godsey and Directors Haymon and Shelly abstaining, the motion failed for lack of a majority vote. Director Shelly nominated Christopher Linton for the vacancy. Such nomination failed for lack of a second. Director Haymon nominated David Bock for the vacancy. Such nomination failed for lack of a second.

Ms. Adams advised the Board regarding possible options to resolve the stalemate. After discussion, the Board reached a consensus to table the matter until later in the meeting.

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 October 2020, a copy of which is attached hereto. Mr. Holland reported that 0.34% of the 2020 taxes have been collected as of October 31, 2020. Upon motion by Director Cutler, seconded by Director Kuhl, and after full discussion with all Directors present voting aye, the Board approved the Tax Assessor/Collector's Report.

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. Director Cutler reported that he had spoken to the District's landscaper to move to the secondary landscaping schedule in order to save the District money. In response to a question from the Board, Mr. Blitch stated that none of the District's bonds were callable at this time.

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 reflected therein and authorized the Bookkeeper to sign the disbursements, as previously authorized.

7. **Review of Draft Budget for Fiscal Year Ending December 31, 2021.** Mr. Holland reviewed the draft budget with the Board. Ms. Adams asked the Bookkeeper to add approximately \$1,000.00 to budgeted election expenses for 2021.

8. **Resolution Declaring Official Intent to Reimburse Expenditures from Proceeds of a Future Bond Issue.** Ms. Adams presented to and reviewed with the Board a Resolution Declaring Official Intent to Reimburse Expenditures from Proceeds of a Future Bond Issue (the "Resolution"), a copy of which is attached hereto for the Lift Station No. 1 Improvement Project ("LS1 Project"). Upon motion by Director Kuhl, seconded by Director Cutler, after full discussion and with all Directors present voting aye, the Board voted to adopt the Resolution.

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 LS 1 Project to serve ClearView Estates ("ClearView") to B-5 Construction Co. ("B-5") in the base bid amount of \$571,338.00. Mr. Hardin reported that B-5 had begun construction, and presented Pay Estimate No. 1 in the amount of \$120,449.70.

Mr. Hardin then reported that the construction contract between Clearlake and Solid Bridge Construction, Inc. for the construction of the water, sewer, drainage 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. in French Quarter and Lake Breeze subdivisions, Mr. Hardin reported that French Quarter, Section 4 is now under design and Langford estimates construction to commence in early 2021.

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; and authorize payment of Pay Estimate No. 1 from B-5 in connection with the LS 1 project.

10. **Attorney's Report.** Ms. Adams stated that she has nothing further 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 596 connections and a 102.14% water accountability ratio for the period ending October 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.

Director Shelly asked if Mr. Ivy was able to locate and repair leaks that had been reported in the Twin Shores subdivision. Mr. Ivy replied that one issue was a backed up line, not a leak, and that the other reported leaks had been on homeowner's side of the lines.

Ms. Adams next asked Mr. Ivy about the District resident website query regarding the District's Rate Order. Mr. Ivy replied that he had been contacted by the resident and the issue had been resolved. Director Kuhl noted that he had also been contacted by various parties regarding questions about the Rate Order, in particular regarding the height of foundations relative to manholes, and that he had directed them to the District's website, and alternatively, he recommended they contact the Operator.

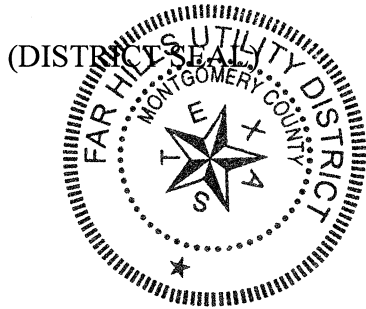
Upon motion by Director Shelly, seconded by Director Cutler, after full discussion and with all Directors present voting aye, the Board approved the Operations Report, and authorized suspending termination of service to delinquent customer accounts due to the COVID-19 pandemic.

12. **Discuss Nominations for Director Appointment (cont'd.).** The Directors then discussed filling the vacant position on the Board. Director Kuhl expressed a preference that the position be filled promptly, adding that all three candidates were well-qualified and suited for the position. After discussion, Director Haymon again nominated Mr. Bock, and the nomination was seconded by Director Cutler. With Directors Haymon, Kuhl, and Cutler voting aye, and Director Shelly voting nay, David Bock was appointed to the vacant position on the Board. Ms. Adams stated that RBAP would coordinate with Mr. Bock before the December Board meeting, at which time he would be seated.

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

14. **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 December, 2020.



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