

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

**January 14, 2021**

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, January 14, 2021 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
David Bock	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; Ms. Erika Mireles of M. Marlon Ivy & Associates, Inc. ("MMIA" or 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; 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, 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 December 10, 2020. Upon motion by Director Shelly, seconded by Director Bock, after full discussion and with all Directors present voting aye, the Board voted to approve the regular meeting minutes of December 10, 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 December 2020, a copy of which is attached hereto. Mr. Holland reported that 52.77% of the 2020 taxes have been collected as of December 31, 2020. Upon motion by Director Kuhl, seconded by Director Shelly, and after full discussion with all Directors present voting aye, the Board approved the Tax Assessor/Collector's Report.
4. **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.

Regarding a past due invoice for out-of-District service to WGB RV Parks, LLC ("WGB"), Ms. Mireles confirmed that Mr. Holland received updated WGB contact information. Ms. Adams requested that RBAP be copied on all correspondence related to this matter and be provided the updated contact information.

Regarding a deficit of \$301,478.35 accrued by Clearlake Asset Management, LLC, developer of Clear View Estates ("ClearView"), Mr. Hardin reported that the developer anticipates a real estate closing soon, and will pay what it owes the District at that time.

Upon motion by Director Cutler, seconded by Director Bock, after full discussion and with all Directors present voting aye, the Board voted to: 1) approve the Bookkeeper's Report, as presented; 2) authorize payment of the bills reflected therein; and 3) authorize the Bookkeeper to sign the disbursements, as previously authorized.

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

Mr. Hardin first reported on the Lift Station No. 1 ("LS No. 1") Improvement Project to serve ClearView by B-5 Construction Co. ("B-5"), and presented Pay Estimate No. 3 in the amount of \$79,021.21 relative thereto. Mr. Hardin reported that construction is underway, including valve improvements at the Wastewater Treatment Plant ("WWTP"). Mr. Hardin added that B-5 had submitted a revised schedule with an anticipated completion date of March 10, 2021. In response to a question, Mr. Hardin stated that the project was approximately sixty (60) days behind schedule, however, he expected LS No. 1 to be fully operational by the original completion date, and did not expect the District to incur any actual damages as a result of the delay.

Regarding the Water Plant Improvements (Hydro Tank and Booster Pumps), Mr. Hardin reported that the project is complete and under warranty until October 8, 2021.

Regarding the status of development of the remaining acreage owned by FQ/LB, L.P. ("FQ/LB") in the French Quarter and Lake Breeze subdivisions, Mr. Hardin reported that French Quarter, Section 4 is under design and Langford estimates FQ/LB to commence construction in early 2021.

Upon motion by Director Bock, 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. 3 from B-5 in connection with the LS No. 1 project.

6. **Review and discuss Emergency Response Plan (the "ERP") pursuant to the requirements of the Texas Administrative Code.** Ms. Adams explained that the District was required to conduct an annual review of its ERP, and that such review would be conducted by the District's operator. Upon motion by Director Cutter, seconded by Director Shelly, and after full discussion with all Directors present voting aye, the Board voted to authorize MMIA to review and update as necessary the District's ERP.

7. **Attorney's Report.**

**Annual Review of Rate Order.** Ms. Adams reminded the Board that at its December meeting, the Board discussed requiring a fee to customers for preparation of requested waivers of liability under Subsection 6(f) of the District's Rate Order to offset the District's costs. Ms. Adams stated that the average legal fees for preparation of the waivers to be approximately \$200 per waiver. An extensive discussion ensued. Upon motion by Director Bock, seconded by Director Cutter, and after full discussion with all Directors present voting aye, the Board voted to amend the District's Rate Order to include a \$200 fee to prepare requested waivers of liability under Section 6(f) of the District's Rate Order.

**Annual Review of District's Post-Issuance Tax Exempt Debt Compliance Policies.** Ms. Adams stated that she is not recommending any changes to the District's Post-Issuance Tax-Exempt Debt Compliance Policies at this time.

**Review and Approve Waivers of Liability.** Ms. Adams presented to and reviewed with the Board three (3) waivers of liability with First America Homes, Ltd. Upon motion by Director Kuhl, seconded by Director Cutler, and after full discussion with all Directors present voting aye, the Board approved the Waivers of Liability, as presented.

8. **Operations Report.** Ms. Mireles reviewed the Operations Report, a copy of which is attached hereto. Ms. Mireles reported that the District has 608 connections and a 96.61% water accountability ratio for the period ending December 31, 2020.

Ms. Mireles then reviewed with the Board the delinquent water account list, a copy of which is attached to the Operations Report. Ms. Mireles noted that MMIA has suspended terminations of service to delinquent accounts in light of COVID-19 and in accordance with the Board's previous decision. She noted that other water districts are resuming terminations.

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 authorized resuming termination of service to delinquent customer accounts in accordance with the District's Rate Order.

9. **District Website Report.** Director Haymon presented to and reviewed with the Board the website report for the month of December, a copy of which is attached hereto. The Board noted a spike in traffic on the website that correlated with a system outage.

10. **Adjournment.** There being no further business to come before the Board, upon motion by Director Kuhl, seconded by Director Bock and with all Directors present voting aye, the President adjourned the meeting.

Passed and approved this 11<sup>th</sup> day of February 2021.

(DISTRICT SEAL)

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Secretary, Board of Directors