

## FAR HILLS UTILITY DISTRICT

### MINUTES OF BOARD OF DIRECTORS MEETING

December 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, December 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. Hannah Slaven, paralegal, of Radcliffe Bobbitt Adams Polley PLLC ("RBAP"), attorney for the District; Mr. Mark Ivy and 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; Mr. Bill Blich of Blich Associates, Inc., financial advisor for the District; and Mr. David Bock, Director-appointee.

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 special meeting minutes of November 7, 2020 and the regular meeting minutes of November 20, 2020. Upon motion by Director Kuhl, seconded by Director Shelly, after full discussion and with all Directors present voting aye, the Board voted to approve the special meeting minutes of November 7, 2020 and the regular meeting minutes of November 12, 2020, as presented.
3. **Qualification of Director.** Ms. Adams reviewed the Affidavit for Director, a copy of which is available upon request, with Director Bock, who executed same, thereby verifying his qualification to serve as Director of the District.

Ms. Adams next reviewed with Director Bock the Statement of Appointed Officer, as required by the Texas Constitution, a copy of which is available upon request, which statement was then duly executed by Director Bock. Ms. Adams then administered the Oath of Office to Director Bock, a copy of which is available upon request.

Director Cutler entered the meeting at this time.

4. **Election of Officers.** The Board next considered election of the Officers of the Board. Upon motion by Director Haymon, seconded by Director Shelly, and after full discussion with all Directors present voting aye, the Board approved the following slate of Officers:

James M. Haymon	President
Christopher A. Kuhl	Vice President/Tax Compliance Officer
Melinda M. Shelly	Secretary
David Bock	Assistant Secretary
J. Richard Cutler	Director

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 November 2020, a copy of which is attached hereto. Mr. Holland reported that 7.92% of the 2020 taxes have been collected as of November 30, 2020. Upon motion by Director Cutler, seconded by Director Shelly, 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.

Mr. Holland then reviewed the proposed budget for Fiscal Year Ending ("FYE") December 31, 2021 (the "Budget"). An extensive discussion ensued regarding various expense line items within the Budget. The Board requested that the Lift Station Improvement project expenses be added to the Budget. In response to a question, Mr. Holland explained that the Operator's fees have increased because the number of connections in the District have increased.

Upon motion by Director Cutler, seconded by Director Kuhl, 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; 3) authorize the Bookkeeper to sign the disbursements, as previously authorized; 4) approve the Order Adopting Budget, subject to the revisions requested by the Board.

7. **Confirm Engagement of Auditor for FYE December 31, 2020.** The Board then reviewed confirmation of the Auditor's, McCall Gibson Swedlund Barfoot PLLC ("McCall"), engagement for preparation of the FYE December 31, 2020 audit (the "Audit"), a copy of which is attached hereto. Ms. Adams noted that the Board previously engaged McCall to prepare future years' audits. Ms. Adams noted a fee range of \$20,500 to \$21,500 for preparation of the Audit. Upon motion by Director Cutler, seconded by Director Shelly, after full discussion and with all Directors present voting aye, the Board voted to confirm the engagement of McCall.

8. **Authorize Update of District Capital Assets for Audit Preparation Purposes.** Ms. Adams explained that the District's Engineer assesses the District's asset schedule to provide McCall with an updated valuation of same for the Audit. Upon motion by Director Kuhl, seconded by Director Cutler, after full discussion and with all Directors present voting aye, the Board voted to authorize the District's engineer to evaluate the District's capital assets.

9. **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 Estates ("ClearView") by B-5 Construction Co. ("B-5"), and presented Pay Estimate No. 2 in the amount of \$95,188.63 relative thereto. Mr. Hardin reported that construction is underway and discharge piping has been installed. Mr. Hardin further reported that B5 has taken delivery of the pumps and controls for LS No. 1, as well as the valves and fittings for the proposed improvements at the Waste Water Treatment Plant. Mr. Hardin noted that he did not expect construction to be complete until late February or early March 2021.

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.

Mr. Hardin next reported that most of the deficient items identified during Langford's January 2020 inspection of the water, sewer, drainage and paving to serve ClearView 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 the 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 Shelly, seconded by Director Kuhl, 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. 2 from B-5 in connection with the LS No. 1 project.

10. **Attorney's Report.**

**Review 2021 Annual Agenda.** Ms. Adams presented to and reviewed with the Board a draft annual agenda, a copy of which is attached hereto. Upon motion by Director Kuhl, seconded by Director Bock, and after full discussion with all Directors present voting aye, the Board voted to approve the annual agenda, as presented.

**Authorize Eminent Domain Reporting Pursuant to Texas Government Code, Sections 2206.151-157, as amended.** Ms. Adams then reported that RBAP will file the required annual eminent domain report on behalf of the District. Ms. Adams explained that the report includes information related to the District's authority to exercise its power of eminent domain and must be filed before February 1<sup>st</sup> of each year. 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 authorize RBAP to file the required annual eminent domain report.

**Authorize Filing of Financial and Fax-Related Information with Texas Comptroller (the "Comptroller") pursuant to Texas Local Government Code, Sections 203.062 and 403.0241 for the Special Purpose District Public Information Database ("SPDPID").** Ms. Adams then reminded the Board that the District is required to file certain financial and tax-related information with the Comptroller's SPDPID annually. Ms. Adams noted that such information must be filed by May 1, 2020. Upon motion by Director Kuhl, seconded by Director Cutler, after full discussion and with all Directors present voting aye, the Board authorized RBAP to file the required financial and tax-related information on the SPDPID by May 1, 2021.

11. **Review and Approve Waivers of Liability.** Ms. Adams presented to and reviewed with the Board two (2) waivers of liability from parties building homes in the District, noting that the District's Rate Order, Subsection 6(f) requires any structure built in the District must be a minimum of twelve inches (12") higher than the top of the nearest sanitary sewer manhole. Otherwise, the District requires a Waiver of Liability, so that the property owner cannot hold the District liable for any sewer back-ups that occur. Upon motion by Director Cutler, seconded by Director Kuhl, and after full discussion with all Directors present voting aye, the Board approved the Waivers of Liability, as presented.

12. **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 99.82% water accountability ratio for the period ending November 30, 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 Kuhl asked Mr. Ivy if he had heard any complaints about an area on S. Valley Drive, noting that he had noticed a smell, and that the road in the area appears to have sustained some damage. Mr. Ivy stated he would have personnel from MMIA investigate.

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 authorized suspending termination of service to delinquent customer accounts due to the COVID-19 pandemic.

Mr. Ivy next discussed with the Board a list of thirty-one (31) homes that were under construction in the District that were seemingly affected by the requirements of Subsection 6(f) of the Rate Order. An extensive discussion ensued regarding whether the Board should amend the relevant section of the Rate Order to make it more permissive, or whether to charge a fee for preparation of future waivers of liability to help offset the District's costs in producing same. The Board determined to discuss potential Rate Order revisions at the January 2021 Board meeting.

13. **District Website Report.** Director Haymon presented to and reviewed with the Board the website report for the month of November, 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 14<sup>th</sup> day of January 2021.



  
Secretary, Board of Directors