

FAR HILLS UTILITY DISTRICT
MINUTES OF BOARD OF DIRECTORS MEETING

April 8, 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, April 8, 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, and Ms. Sholeh Abedinzadeh attorneys, 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. Michael Others of McCall Gibson Swedlund Barfoot PLLC, ("MGSB"), auditor 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 March 11, 2021. 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 regular meeting minutes of March 11, 2021, as presented.
3. **Review and approve Audit Report for Fiscal Year Ended December 31, 2020 (the "Audit") and authorize filing of same.** Mr. Others presented a draft of the District's Audit, a copy of which is attached hereto. Mr. Others also reviewed with the Board the Management Letter, a copy of which is also attached hereto. Ms. Adams requested that Director Haymon execute and return the Letter of Representation on behalf of the Board. Upon motion by Director Cutler, seconded by Director Shelly, after full discussion and with all Directors voting aye, the Board approved the Audit.

4. **Authorize filing of District's Continuing Disclosure.** The Board then discussed authorizing the filing of the District's Audit with the Texas Commission on Environmental Quality ("TCEQ"), as required by same. Ms. Adams explained that the District also has an obligation to update, on an annual basis, certain financial information contained in the District's Orders Authorizing Issuance of Bonds associated with the District's bond issues occurring after 1995, which information will serve to keep bondholders and other interested parties apprised of the financial strength and condition of the District, and requested the Board's authorization to prepare and file such materials with the appropriate agencies, as well as the TCEQ. Upon motion by Director Bock, seconded by Director Cutler, after full discussion and with all Directors voting aye, the Board authorized the filing of the Audit required continuing disclosure materials with the appropriate agencies, including the TCEQ as necessary.

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 March 2021, a copy of which is attached hereto. Mr. Holland noted that the District has collected 96.60% of 2020 taxes as of March 31, 2021. 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.

Mr. Holland noted that the District had received a payment of \$150,000 from Clearlake Asset Management, LLC ("Clearlake"), developer of ClearView Estates for a portion of its share of the capital improvements to certain District facilities.

Director Kuhl asked Mr. Holland if it would be possible to track expenses related to repairs and depreciation of District assets related to insurance claims pursuant to Winter Storm Uri ("Uri"). Mr. Holland replied that he would need to be told which invoices were to be applied to the payment from the insurance company, and noted that he had not yet received the insurance check. Director Kuhl stated that he had mailed the check within the past two days and expected it should be received by Mr. Holland soon.

Ms. Adams reminded Mr. Holland that Mr. Brent Landry, an out-of-District customer, had requested an accounting of his deposit and a return of unused funds. Ms. Adams stated that RBAP was currently compiling the legal expenses for same. Ms. Adams added she would submit a final accounting to Mr. Holland soon.

Upon motion by Director Bock, 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, and authorize payment of the bills reflected therein; 2) authorize the Bookkeeper to sign the disbursements, as previously authorized.

7. **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 Improvement Project ("LS No. 1") to serve Clear View by B-5 Construction Co. ("B-5"). Mr. Hardin noted that due to Uri and the need to obtain new electric utility service at the site, construction had been delayed, and Langford would update the project schedule once utility power was made available to the site.

Regarding construction of water, sewer and drainage facilities to serve Clear View, Mr. Hardin reported that Langford continues to coordinate with Clearlake and Clearlake's engineer to clear the project for final acceptance.

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 with bidding and construction of utilities and paving estimated for the second half of 2021. Mr. Hardin noted that an updated plan for the French Quarter subdivision includes a second entrance.

Mr. Hardin next reported that, pursuant to a request from the Board that Langford determine the feasibility of running a water supply line directly from Water Well No. 6 ("WW No. 6") to Ground Storage Tank No. 1 ("GST No. 1"), Langford visited the Water Plant site to collect measurements and has been in communications with the Operator regarding options for the proposed project. Mr. Hardin stated that he expected Langford to have a preliminary design and cost estimate prepared for the Board's May 13, 2021 meeting.

Mr. Hardin next reported that Entergy has not been billing for energy use at the Water Plant. Mr. Hardin explained that Entergy would probably not allow him to make decisions on the District's behalf without his name being submitted to Entergy as an authorized representative of the District. Mr. Holland stated he had attempted to call Entergy and rectify the billing issue himself, and even though he was able to provide all account details, personnel at Entergy would not discuss the account with him. Mr. Hardin noted that it has been several months since the Water Plant usage has been billed, and it will likely be several thousand dollars once it is finally billed.

Upon motion by Director Cutler, seconded by Director Kuhl, after full discussion and with all Directors present voting aye, the Board approved the Engineer's Report.

8. **Attorney's Report.** Ms. Adams informed the Board that each Director is statutorily-required to complete a Cyber Security Training session by June 14, 2021. Ms. Adams stated she would provide links to the Association of Water Board Directors-Texas ("AWBD") training session and the Texas Department of Information Resources video, noting that in order to meet the requirement, a Director only had to watch one video.

9. **Operations Report.** Mr. Ivy reviewed the Operations Report, a copy of which is attached hereto. Ms. Mireles reported that the District has 628 connections and a 92.31% water accountability ratio for the period ending March 31, 2021.

Mr. Ivy reported that there had been a house fire in the District. Mr. Ivy stated that the District's fire hydrants had been tested in September 2020, and all were working, and added that the Board should have an in-depth discussion regarding the District's fire hydrants once it resumes in-person meetings.

Director Kuhl next discussed the status of repairs to the District's office and warehouse. Director Kuhl reported that repairs had begun, and that contractors have replaced most of the insulation and would soon start hanging sheetrock. Director Kuhl went on to report that the chlorine room repairs were finalized, and that contractors were moving the hot water heater from the attic to outside the kitchen. Director Kuhl explained that, while this required some plumbing to be moved, long-term, it would be the better option, as any ruptures would not cause such extensive damage. Director Kuhl also noted that flooring would be replaced throughout the building.

Mr. Ivy next reported that there had been a break-in at LS No. 1, during which some items had been damaged, and a trailer with some tools had been stolen. Mr. Ivy noted that the contractor and MMIA had filed an incident report together, and the contractor was filing a claim with his insurance, rather than the District's insurance.

Upon motion by Director Cutler, seconded by Director Bock, after full discussion and with all Directors present voting aye, the Board approved the Operations Report.

10. **District Website Report.** Director Haymon presented to and reviewed with the Board the website report for March 2021, a copy of which is attached hereto.

11. **Miscellaneous.** Ms. Adams reported that the District had received correspondence from the Montgomery Central Appraisal District ("MCAD") regarding its upcoming Board of Directors election process for the 2022-2023 term. Ms. Adams noted that an item would be on the May 13, 2021 meeting agenda to discuss the item in detail. Ms. Adams further reported that an item would also be added to appoint the District's AWBD voting representative for the Trustee and Bylaws Amendment Election. A brief discussion ensued regarding attendance at the AWBD virtual Summer Conference.

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

Passed and approved this 13th day of May 2021.




Secretary, Board of Directors