

## FAR HILLS UTILITY DISTRICT

### MINUTES OF BOARD OF DIRECTORS MEETING

May 9, 2019

The Board of Directors (the "Board") of Far Hills Utility District (the "District") met in regular session, open to the public, at 5:00 p.m., at the District's office, 10320 Cude Cemetery Road, located within the boundaries of the District, on Thursday, May 9, 2019, 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
H. Douglas Hall	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 of Radcliffe Bobbitt Adams Polley PLLC ("RBAP"), attorneys for the District; Mr. Mark Ivy and Ms. Erika Mireles of M. Marlon Ivy & Associates, Inc. (the "Operator"), operators for the District; Messrs. Tim Hardin, P.E., and Omar Rodriguez, P.E. (via conference call), of Langford Engineering, Inc. ("Langford" or the "Engineer"), engineers for the District; Mr. Terry Holland of Myrtle Cruz, Inc. (the "Bookkeeper") (via conference call), bookkeepers 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 5:00 p.m., and declared it open for such business as may come before the Board.

1. **Public Comment.** There were no public comments at this time.
2. **Minutes.** The Board considered approval of the regular meeting minutes of April 11, 2019. Upon motion by Director Kuhl, seconded by Director Hall, after full discussion and with all Directors present voting aye, the Board approved the regular meeting minutes of April 11, 2019, 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 April, a copy of which is attached hereto. Mr. Holland reported that 97.85% of the 2018 taxes have been collected as of April 30, 2019. Upon motion by Director Shelly, seconded by Director Hall, after full discussion and with all Directors present voting aye, the Board approved the Tax Assessor/Collector's Report, as presented.
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. Upon motion by Director Kuhl, seconded by Director Shelly, after full discussion and with all Directors present voting aye, the Board approved the Bookkeeper's Report, as presented.

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

Regarding the Lift Station and Force Main to serve the Park on the Lake RV Park (the "RV Park"), Mr. Hardin reported that the Board previously awarded the construction contract to Doughtie Construction Co., Inc. ("Doughtie"), with a total bid amount of \$441,820.50. A copy of the Notice of Award is attached to the Engineer's Report. Mr. Hardin went on to report that the Notice of Proceed has been issued, a copy of which is also attached to the Engineer's Report. Mr. Hardin noted that completion of the RV Park Lift Station and Force Main project is scheduled for October 14, 2019. Mr. Hardin then stated that submittal review is underway and construction will commence after approval of Doughtie's equipment submittals and delivery of equipment and materials.

Mr. Hardin next reported that Langford received two (2) bids on April 18, 2019 for the drainage improvement project to benefit the development of ClearView Estates ("ClearView") subdivision. Mr. Hardin then presented to and reviewed with the Board the bid tabulation, a copy of which is attached to the Engineer's Report. Mr. Hardin stated that Langford is recommending award of the Drainage Improvement project to Excel Construction in the base bid amount of \$268,748.88, a copy of the Engineer's Recommendation for Award is attached to the Engineer's Report.

Regarding the development of ClearView by Clearlake Asset Management, LLC, Mr. Hardin then reported that Langford is proceeding with the design of the following District improvements to serve ClearView: 1) Lift Station No. 1 improvements (wet well rehabilitation and pumps/control upgrades); and 2) water plant ("WP") improvements (booster pumps and hydropneumatic tank).

Regarding the status of development of the French Quarter and Lake Breeze subdivisions, Mr. Hardin noted that Langford is proceeding with the design of the water, sewer, drainage and paving improvements to serve the remaining acreage owned by FQ/LB, L.P. ("FQ/LB"). Mr. Hardin then stated that Lake Breeze, Section 3, is tentatively scheduled to bid in June or July 2019 and construction is scheduled to commence sometime between August and December 2019.

Mr. Hardin then reported that Langford has updated the District's long-range Capital Improvement Plan (the "CIP") for the Board's review, a copy of which is attached to the Engineer's Report. An extensive discussion ensued. Mr. Hardin requested that Directors and consultants contact him with any comments on the CIP.

Director Hall exited the meeting at this time.

Mr. Hardin next presented to and reviewed with the Board three (3) proposals from Shield Above Roofing in connection with three (3) alternatives for repairing the leak in the District's administration building roof, copies of which are attached to the Engineer's Report. An extensive discussion ensued regarding the various options.

Mr. Hardin then presented to and reviewed with the Board a proposal from Source Point Solutions in the amount of \$18,466.50 for sanitary sewer line smoke testing and manhole inspections for the French Quarter and Lake Breeze subdivisions, a copy of which is attached hereto. Ms. Adams stated that no action can be taken on this matter since it is not the agenda. Ms. Adams agreed to add the matter to the June 6<sup>th</sup> agenda.

Mr. Blich exited the meeting at this time.

Mr. Hardin went on to present two (2) proposals from HTS, Inc. for construction materials testing in connection with the: 1) Lift Station and Force Main project to serve the RV Park (\$11,300); and 2) the drainage improvement project (\$4,800), copies of which are attached to the Engineer's Report.

Upon motion by Director Shelly, seconded by Director Cutler, and after full discussion with all Directors present voting aye, the Board: 1) approved the Engineer's Report; 2) accepted the bid from Excel Construction in the base bid amount of \$268,748.88 for the drainage improvement project; 3) accepted the proposal from Shield Above Roofing in the amount of \$29,950.00 (plus 15% for contingencies) for replacement of the District's administration building roof; and 4) approved both proposals from HTS, Inc. for construction materials testing in connection with the Lift Station and Force Main project to serve the RV Park and the drainage improvement project.

6. **Attorney's Report, including review mid-session Texas Legislative Update.** Ms. Adams then presented to and reviewed with the Board RBAP's mid-session Legislative Update for the 86<sup>th</sup> Legislature (2019), a copy of which is on file in the records of the District.

7. **Operations Report.** Mr. Ivy then reviewed the Operations Report, a copy of which is attached hereto. Mr. Ivy reported that the District has 532 connections and a 95.10% water accountability ratio for the period ending April 22, 2019.

Ms. Mireles then reviewed with the Board the delinquent list, a copy of which is attached to the Operations Report.

Mr. Ivy next reported that the STP generator is now online. A discussion ensued regarding the Operator's plans for storm preparedness.

Mr. Ivy stated that the Operator has not yet received the necessary information from the TCEQ to prepare the District's 2018 Drinking Water Quality Report ("CCR"). Mr. Ivy noted that the 2018 CCR will be prepared and then distributed by electronic mail and regular mail to the District's customers and will be posted at the District's office and on the District's website, subject to the Operator's receipt of the necessary information from the TCEQ. In response to a question, Mr. Ivy stated that he will provide the 2018 CCR to Director Haymon for posting on the District's website.

Ms. Adams then reminded the Board that George Harrison and Sheila Harrison, owners of property located at 10331 Cude Cemetery Road, Willis, Texas 77318, and OMG Builders, LLC, owner of property located at 10309 Cude Cemetery Road, Willis, Texas 77318 (collectively, the "Properties"), are building residences on the Properties, the lowest finished floors of which are less than 12 inches (12") above the elevation of the nearest District sanitary sewer manhole, outside of the requirements of the District Rate Order. Ms. Mireles noted that the owners of the Properties have been unwilling to sign Waivers of Liability, which were prepared by RBAP, for the benefit of the District, in accordance with the District's Rate Order, in the event that there is a sanitary sewer back-up at the Properties due to the low elevations of the residences. A discussion ensued. It was the consensus of the Board that the Operator terminate service to the Properties for non-compliance with the District's Rate Order.

Upon motion by Director Shelly, seconded by Director Cutler, after full discussion and with all Directors present voting aye, the Board: 1) approved the Operations Report; 2) approved and authorized distribution of the District's 2018 CCR to the District's customers, subject to finalization of same; 3) authorized termination of service to the delinquent accounts in accordance with the provisions of the District's Rate Order; and 4) authorized termination of service to the Properties for

non-compliance with the District's Rate Order.

8. **Annual review of Rate Order and take necessary action on same.** Director Cutler and Mr. Ivy then briefly reviewed with the Board the District's current water and sewer rates and summaries of options for revising the District's Rate Order; specifically, out-of-District water and sewer rates, copies of which are attached hereto. An extensive discussion ensued. It was the consensus of the Board to amend the District's Rate Order in the next few months to increase the water and sanitary sewer service rates for out-of-District customers (to be effective January 1, 2020) and provide notification of such increase to all out-of-District customers prior to the effective date of such increase.

9. **District Website Report, including review and accept website proposal and rescind acceptance of WebLabsUSA proposal.** Director Haymon next reported that WebLabsUSA is unable to perform all of the necessary requirements of the proposed contract with the District, but submitted an invoice in the amount of \$300 for some of the updates that have already been performed.

Ms. Adams then presented to and reviewed with the Board the Website Services proposal and Agreement with Off Cinco, a website developer, to redesign and update the District's website to be ADA-compliant. A copy of the Off Cinco proposal is attached hereto. A discussion ensued.

Upon motion by Director Cutler, seconded by Director Kuhl, after full discussion and with all Directors present voting aye, the Board voted unanimously to rescind the acceptance of the WebLabsUSA proposal, authorize payment to WebLabsUSA in the amount of \$300 and accept the Off Cinco proposal and approve and authorize execution the Website Services Agreement with Off Cinco, a copy of which is attached hereto.

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

Passed and approved this 6<sup>th</sup> day of June, 2019.

(DISTRICT SEAL)



  
Asst. Secretary, Board of Directors