

# FAR HILLS UTILITY DISTRICT

## MINUTES OF BOARD OF DIRECTORS MEETING

July 11, 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, July 11, 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"), attorney for the District; Mr. Mark Ivy and Ms. Erika Mireles of M. Marlon Ivy & Associates, Inc. (the "Operator"), operator for the District; Messrs. Tim Hardin, P.E., and Omar Rodriguez, 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. Also in attendance were Messrs. Michael Bell and Charles E. Simmons of WGB RV Park on the Lake, LLC, ("WGB") developers of Park on the Lake RV Park (the "RV Park").

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. **District Website Report.** First, Director Haymon reported that he continues to coordinate with Ms. Shannon Waugh regarding the transition to the new District website. Director Haymon reviewed with the Board the proposed layout of the updated website.
2. **Public Comment.** In response to a question from Mr. Simmons, Mr. Hardin reported on the status of the Lift Station and Force Main project to serve the RV Park.

There were no additional public comments at this time.

3. **Minutes.** The Board considered approval of the regular meeting minutes of June 6, 2019. Upon motion by Director Hall, seconded by Director Kuhl, after full discussion and with all Directors present voting aye, the Board approved the regular meeting minutes of June 6, 2019, as presented.
4. **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 May, a copy of which is attached hereto. Mr. Holland reported that 98.48% of the 2018 taxes have been collected as of May 31, 2019. Upon motion by Director Hall, seconded by Director Cutler, after full discussion and with all Directors present voting aye, the Board approved the Tax Assessor/Collector's Report, as presented.

Messrs. Bell and Simmons exited the meeting at this time.

5. **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 Shelly, seconded by Director Cutler, after full discussion and with all Directors present voting aye, the Board approved the Bookkeeper's Report, as presented.

6. **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 RV Park Mr. Hardin reported that the Board previously awarded the construction contract to Doughtie Construction Co., Inc. ("Doughtie"), for a total amount of \$441,820.50. Mr. Hardin stated that construction of the RV Park Lift Station and Force Main project is underway and is scheduled for completion on October 14, 2019. Mr. Hardin noted that the contractor is in the process of installing force main piping along FM 830. Mr. Hardin then reported that Doughtie submitted Pay Estimate No. 1 in the amount of \$54,150.08, a copy of which is attached to the Engineer's Report. Mr. Hardin explained that the pay estimate represents work completed through June 30, 2019. Mr. Hardin stated that the total work completed to-date is \$60,166.75 and the contract amount remains unchanged at \$441,820.50.

Regarding the drainage improvement project to benefit the development of ClearView Estates subdivision ("ClearView"), Mr. Hardin reported that the Board previously award the construction contract to Excel Construction, Inc. ("Excel") for a total amount of \$268,748.88. Mr. Hardin stated that construction is underway and Excel is in the process of installing the new outfall. Mr. Hardin added that construction on the project is scheduled to be completed on October 8, 2019.

Mr. Hardin then reported that the construction contract between Clearlake Assets, developer of ClearView, and Solid Bridge Construction, Inc. ("Solid Bridge") for the construction of the water, sewer, drainage and paving to serve ClearView was previously approved. Mr. Hardin stated that construction is underway and Solid Bridge is currently in the process of installing sanitary sewers and manholes. Mr. Hardin added that construction on the project is scheduled to be completed on January 7, 2020.

Mr. Holland exited the meeting at this time.

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 Langford is scheduled to receive bids for Lake Breeze, Section 3 on July 31, 2019.

Mr. Hardin then reminded the Board that he previously presented to and reviewed with the Board a proposal from Source Point Solutions ("Source Point") in the amount of \$18,466.50 for sanitary sewer line smoke testing and manhole inspections of the existing sections of the French Quarter and Lake Breeze subdivisions. Mr. Hardin reported that Source Point is scheduled to proceed with the smoke testing by the end of July or early August.

Mr. Hardin then reminded the Board that Langford previously 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. Mr. Hardin requested that Directors and consultants contact him with any comments on the CIP.

Mr. Hardin next reported that the Board previously 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. Mr. Hardin stated that construction on the project is complete and the contractor has received payment from the District.

**Adopt Resolution Authorizing Use of Surplus Capital Project Funds (the "Surplus Funds Resolution")**. Ms. Adams then presented to the Board the Surplus Funds Resolution. Ms. Adams reported that, according to the Bookkeeper, there remains \$388,228.40 in surplus funds from the District's Series 2015 Bonds in the Capital Projects Fund. Ms. Adams stated a portion of these funds may be declared surplus and can be utilized to: 1) reimburse the District's General Fund for the \$33,318.67, which was previously expended for the replacement of the District's administration building roof, and 2) to pay for necessary wastewater treatment plant (the "STP") maintenance. Mr. Ivy then presented to and reviewed with the Board a proposal from Duffy's Lawn Care ("Duffy's") for the purchase and installation of Oleander bushes along the STP berm, a copy of which is attached hereto. A discussion ensued regarding whether the District should purchase 35 three (3) – gallon (\$2,275) or 35 five (5) – gallon (\$2,800) Oleander bushes for installation along the STP berm. Mr. Ivy noted that he will also provide additional STP maintenance items and the related costs to the District's Attorney for inclusion in the Surplus Funds Resolution for the STP maintenance project. Upon motion by Director Hall, seconded by Director Kuhl, and after full discussion with all Directors present voting aye, the Board voted unanimously to approve the proposal from Duffy's for the purchase and installation of 35 five (5) – gallon Oleander bushes along the STP berm, subject to receipt of an executed Form 1295 from Duffy's.

Mr. Hardin then reported on the status of the following District improvements to serve ClearView: 1) Langford is in the process of completing the design and obtaining agency approvals for the Lift Station No. 1 improvements (wet well rehabilitation and pumps/control upgrades); and 2) Langford has advertised for bids for the water plant ("WP") improvements (booster pumps and hydropneumatic tank) and intends to present bids at the September Board meeting.

Upon motion by Director Kuhl, seconded by Director Shelly, and after full discussion with all Directors present voting aye, the Board: 1) approved the Engineer's Report; 2) authorized payment of Pay Estimate No. 1 from Doughtie in connection with the Lift Station and Force Main project to serve the RV Park; and 3) adopted the Surplus Funds Resolution, a copy of which is attached hereto.

7. **Attorney's Report, Review Update on 86<sup>th</sup> Texas Legislature**. Ms. Adams then presented to and reviewed with the Board key bills from RBAP's Legislative Summary of the 86<sup>th</sup> Legislative Session (2019) and noted she would review more fully at the August Board meeting if the Directors so desired.

8. **Operations Report**. Mr. Ivy then reviewed the Operations Report, a copy of which is attached hereto. Mr. Ivy reported that the District has 533 connections and a 96.32% water accountability ratio for the period ending June 20, 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 Texas Commission on Environmental Quality (the "TCEQ") conducted a WP inspection on May 8<sup>th</sup> and a number of documents related to Water Well ("WW") completion data for WW Nos. 2 and 4 have been requested. Mr. Ivy then reviewed with the Board the TCEQ's Notice of Violation for Modified Comprehensive Compliance Investigation dated July 1, 2019, a copy of which is attached hereto. Mr. Ivy stated that the Operator is coordinating with Langford to obtain the necessary documentation related to WW No. 4 to provide to the TCEQ if such documentation still exists. Mr. Ivy recommended that WW No. 2 be plugged and abandoned since it is no longer operational. An extensive discussion ensued regarding the cost and the process to abandon WW No. 2. Mr. Ivy noted that it will cost approximately \$5,000 for the first (1<sup>st</sup>) step in the process to abandon WW No. 2, which includes televising the well.

Upon motion by Director Hall, seconded by Director Kuhl, after full discussion and with all Directors present voting aye, the Board: 1) approved the Operations Report; and 2) authorized termination of service to the delinquent accounts in accordance with the provisions of the District's Rate Order.

9. **Adopt Amended Rate Order (increase out-of-District customer water and sewer rates).**

Ms. Adams noted that it was previously the consensus of the Board to amend the District's Rate Order 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. Director Haymon also recommended amending the District's Rate Order to decrease the pass-through San Jacinto River Authority (the "SJRA") pumpage fee from \$1.00 per 1,000 gallons pumped to \$0.10 per 1,000 gallons pumped.

Upon motion by Director Cutler, seconded by Director Kuhl, after full discussion and with all Directors present voting aye, the Board voted unanimously to adopt the Amended District Rate Order to: 1) increase the water and sanitary sewer service rates for out-of-District customers (effective January 1, 2020), as discussed, including notification of such increase to all out-of-District customers prior to the effective date of such increase; and 2) decrease the SJRA pumpage fee from \$1.00 per 1,000 gallons pumped to \$0.10 per 1,000 gallons pumped (effective August 1, 2019). A copy of the Amended and Restated District Rate Order is attached hereto.

10. **Authorize Director Attendance at Association of Water Board Directors – Texas ("AWBD") Fall Seminar and Mid-Winter Conference.**

The Board then discussed authorizing the Directors' attendance at the AWBD Fall Seminar, Mid-Winter Conference in Dallas, Texas on January 17-18, 2020 and Director's Workshop on August 23, 2019. Upon motion by Director Cutler, seconded by Director Shelly, and after full discussion with all Directors present voting aye, the Board voted unanimously to authorize the Director's attendance at the AWBD Fall Seminar, the AWBD Mid-Winter Conference and the AWBD Summer Director's Workshop.

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

Passed and approved this 8<sup>th</sup> day of August, 2019.

(DISTRICT SEAL)



  
Secretary, Board of Directors