

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61

Minutes of Meeting of Board of Directors

June 28, 2017

The Board of Directors (“Board”) of Harris County Fresh Water Supply District No. 61 (the “District”) met at the Board’s regular meeting place on Wednesday, June 28, 2017 in accordance with the duly posted notice of the meeting, with a quorum of Directors present, as follows:

Mike Kelley, President
Charles W. Merritt, Vice President
Ben A. Solis, Secretary
Darrell A. Barroso, Assistant Secretary
Lary J. Cangelose, Treasurer

and the following were absent:

None.

Also present were Mr. Jerry Homan, general manager for the District; Mr. Brian Breeding, assistant general manager for the District; Ms. Pam Magee, office manager for the District; Mr. Samuel Meza, operations manager for the District; Mr. Bill Rosenbaum, engineer for the District; Mr. Bob Ideus, fund manager for the District; and Ms. Jennifer Seipel, attorney for the District.

The President called the meeting to order and declared it open for such business as might regularly come before it.

1. There were no customer inquiries or input for consideration.
2. Ms. Magee presented the tax assessor-collector’s report, a copy of which is attached hereto. The report showed a 95.48% collection rate for the 2016 tax year, with all other tax years being 99% collected or better. After further review of the report, upon motion made by Director Barroso, seconded by Director Solis, and unanimously carried, the Board approved the tax assessor-collector’s report and payment of the bills listed thereon with checks drawn from the tax fund.
3. Mr. Ideus then presented the fund manager’s report, a copy of which is attached hereto. The report shows checks in the amount of (i) \$9,500 to the Texas Attorney General in connection with their review of the transcript for the Series 2017 bond sale and (ii) \$15,835.09 for engineering associated with various capital projects.

Mr. Ideus also requested that the Board make a resolution to open a new bank account that will hold the Series 2017 bond funds. Upon motion made by Director Merritt, seconded by Director Cangelose, and unanimously carried, the Board approved the resolution to open the new bank account and the fund manager’s report as presented.

4. The Board next considered the minutes for the meeting held on June 21, 2017. Upon motion made by Director Barroso, seconded by Director Cangelose, and unanimously carried, the Board approved the minutes as presented.

5. Mr. Meza presented the operations report, a copy of which is attached hereto. With respect to water production, the District pumped 70,930,000 gallons from its wells, with an average daily flow of 2,288,065 gallons. The ratio of water pumped to billed was 96% during the month.

At the wastewater treatment plants, the total combined treatment amounted to 74,708,000 gallons with an average daily flow from the plants of 2,409,935 gallons per day. There were 4.0 inches of rainfall during the month of May.

With respect to the distribution and collection system, 20 bacteriological samples were taken with no coliforms detected. The operator changed out 4 meters in the month of May and made one commercial tap.

With respect to out-of-district water use, Emerald Forest Utility District used 325,000 gallons of water and Harris County Municipal Utility District No. 248 used 14,902,000 gallons of water.

As for personnel matters, a safety training class on health and nutrition was held on June 8, 2017. A safety training class on backhoe and mower safety is scheduled for July.

After further review, upon motion made by Director Solis, seconded by Director Barroso, and unanimously carried, the Board approved the operations report as presented.

6. Mr. Rosenbaum then presented the engineer's report, a copy of which is attached hereto. The engineer presented the bid results for Phase 3 of the District's sanitary sewer rehabilitation project. Mr. Rosenbaum reported that North Houston Pole Line was the low bidder, with a bid of \$601,299.05 and 180 calendar days. Based upon his review of the bidder's experience and financial statement, Mr. Rosenbaum recommended that the District award the contract to Houston North Pole Line. Based upon that recommendation, upon motion made by Director Barroso, seconded by Director Merritt, and unanimously carried, the Board awarded the contract for Phase 3 of the sanitary sewer rehabilitation project to North Houston Pole Line.

The Board then discussed the conveyance of an easement to CenterPoint Energy Resources Corp. ("CenterPoint") for the purpose of allowing CenterPoint to construct a natural gas line needed to serve Biolife Plasma, a development within the boundaries of the District. The attorney noted that the proposed easement has been reviewed by the District's engineer, and he does not foresee any conflicts with the District's operations. Accordingly, upon motion made by Director Solis, seconded by Director Cangelose, and unanimously carried, the Board approved conveyance of the easement subject to Biolife Plasma's payment of the fees incurred by the District in connection with the attorney's review of the easement.

After further review and discussion, upon motion made by Director Solis, seconded by Director Merritt, and unanimously carried, the Board approved the engineer's report as presented.

7. The Board then considered the utility commitment letter for the proposed development of a gas station and retail center Huffmeister Road. The attorney confirmed that, according to the engineer, the District has the capacity to serve this development. Upon motion by Director Merritt, seconded by Director Solis, and unanimously carried, the Board approved the utility commitment letter as presented.

8. The Board next considered payment of the general fund bills listed on the report prepared by Ms. Magee, a copy of which is attached hereto. After review, upon motion made by Director Merritt, seconded by Director Barroso, and unanimously carried, the Board approved payment of the general fund bills as presented.

9. Mr. Breeding then gave a presentation on the retirement plans offered by the Texas County and District Retirement System (“TCDRS”). He discussed the financial impact participation in the plan would have on the District if done pursuant to the following terms: (i) District employees would be required to contribute seven percent (7%) of their income on a pre-tax basis, (ii) the District would make a 200% match to these contributions, and (iii) an employee would be considered vested for purposes of obtaining the 200% match after 8 years of employment with the District. Mr. Breeding noted that these are the terms most frequently used by other governmental entities who participate in the TCDRS. After some discussion, the Board agreed to consider the information presented and make a decision on this matter at its next regular meeting.

10. Ms. Magee, Mr. Homan, and Mr. Breeding presented the management report. Ms. Magee reviewed the District’s current financial statement and budget comparison. Director Merritt noted that everything appears to be in good order.

Mr. Homan and Ms. Seipel then presented a revised draft of the letter to Mr. Ross Hosket with the Harris County Engineering Department regarding the cost-sharing proposal he presented at the District’s June 14, 2017 meeting. After some discussion, upon motion made by Director Solis, seconded by Director Barroso, and unanimously carried, the Board approved the letter as presented.

The directors then discussed certain events of the recent AWBD conference. Upon motion made by Director Solis, seconded by Director Barroso, and unanimously carried, the Board approved the management report as presented.

11. Ms. Seipel then presented an Amendment to Statement of Directors for signature by each Board member, a copy of which will be recorded in the Real Property Records of Harris County, Texas. The Statement of Directors is being amended to reflect information relating to the District’s Series 2017 bond sale. Upon motion made by Director Solis, seconded by Director Barroso, and unanimously carried, the Board approved the Amendment to the Statement of Directors as presented.

12. The Board considered items for the next agenda, including further discussion of the retirement plans offered by the Texas County and District Retirement System.

There being no further business to come before the Board, the meeting was adjourned.

Secretary

Short Term Action Items

1. Discuss Retirement Plans Offered by the Texas County and District Retirement System

Long Term Action Items

1. 222 Rate Analysis for Wastewater Usage
2. Plans for use of SPA Funds
 - a. Walking Trails and Other Facilities
3. Trunk Line Repair - Complete; Discussion of Costs with MUD 222 and MUD 248