

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61

Minutes of Meeting of Board of Directors
December 20, 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, December 20, 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. Johnny Collins, tax assessor-collector 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. Also present were Ms. Kathi Valenti and Ms. Shannon Paige.

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

1. Under customer input and inquiries, Ms. Paige gave a presentation to the Board through which she requested that the District construct a portion of sidewalk along Wortham Boulevard in front of a District plant. After some discussion, the Board requested that Mr. Homan do some investigation into the costs and feasibility associated with the project.

The Board then presented Ms. Valenti with a letter of recognition thanking her for her hard work and service in seeking to address and improve the flooding being experienced by District residents. Ms. Valenti expressed her appreciation for the letter.

2. Mr. Collins presented the tax assessor-collector’s report, a copy of which is attached hereto. The report showed a 96.82% collection rate for the 2016 tax year, with all other tax years, excluding 2017, 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 showed checks in the amount of (i) \$88,780.72 to North Houston Pole Line, LP in connection with their work on the current sanitary sewer rehabilitation project

and (ii) \$47,091.21 for engineering associated with various capital projects. Upon motion made by Director Solis, seconded by Director Cangelose, and unanimously carried, the Board approved the fund manager's report as presented.

4. The Board considered the minutes for the meeting held on December 13, 2017. Upon motion made by Director Cangelose, seconded by Director Barroso, 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 59,965,000 gallons from its wells, with an average daily flow of 1,998,833 gallons. The ratio of water pumped to billed was 87% during the month.

At the wastewater treatment plants, the total combined treatment amounted to 72,590,000 gallons with an average daily flow from the plants of 2,419,667 gallons per day. There were 0 inches of rainfall during the month of November.

With respect to the distribution and collection system, 20 bacteriological samples were taken with no coliforms detected. The operator changed out 3 meters in the month of November and made 2 commercial taps.

With respect to out-of-district water use, Emerald Forest Utility District used 212,000 gallons of water and Harris County Municipal Utility District No. 248 used 12,702,000 gallons of water.

As for personnel matters, a safety training class recapping this year's safety awareness program was held on December 14, 2017. A safety training class on SCBA and fire extinguisher operations will be held in January.

After review, upon motion made by Director Barroso, seconded by Director Solis, 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. With respect to the U.S. 290 water line relocation project, the engineer reported that he reviewed the bids received and recommends that the District award the contract to Vaca Underground Utilities, Inc. in the amount of \$283,540.00, with the contract time being 120 days. Upon motion made by Director Barroso, seconded by Director Solis, and unanimously carried, the Board awarded the contract as recommended.

Mr. Rosenbaum then presented and recommended payment of Pay Application No. 3 from Houston North Pole Line in the amount of \$88,780.72 for their work in connection with the current sanitary sewer rehabilitation project. Upon motion made by Director Cangelose, seconded by Director Barroso, and unanimously carried, the Board approved the pay application as presented.

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

7. The Board then considered the issuance of a utility commitment letter for a 2.29-acre tract located at N. Eldridge Parkway and F.M. 1960 West. The attorney confirmed that, according to the engineer, the District has the capacity to serve the proposed development on this tract. Upon motion by Director Barroso, seconded by Director Cangelose, 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 Solis, and unanimously carried, the Board approved payment of the general fund bills as presented.

9. Mr. Homan, Ms. Magee, and Mr. Breeding presented the management report. Ms. Magee presented the District's November financials with the Board.

Ms. Magee also confirmed that the District received its September SPA check from the City of Houston in the amount of \$106,757.28.

Mr. Homan also inquired as to whether the Board would be amenable to keeping Ms. Kathy Schyma, the temporary tax assessor-collector recently hired by the District, as a part-time employee through the April conclusion of tax season. Mr. Homan stated that Mr. Collins has returned from his temporary leave of absence but it nevertheless would be helpful to have the added support of Ms. Schyma. After a brief discussion, the Board agreed.

The Board also discussed the 2018 budget for maintenance of the administration building. There were several unexpected expenses during 2017 related to the repair of A/C units that serve the building. Mr. Breeding and Mr. Homan stated that, though unexpected expenses can occur, they believe the budgeted amount for 2018 is a fair estimate of maintenance costs for the administration building.

Lastly, the Board reviewed a list of projects undertaken in 2017 and expected to conclude and/or commence in 2018.

Upon motion made by Director Barroso, seconded by Director Cangelose, and unanimously carried, the Board approved the management report as presented.

10. The Board considered items for the next agenda.

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

Secretary

Short Term Action Items

1. Usual Business

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