

**HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61**

Minutes of Meeting of Board of Directors

August 22, 2018

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, August 22, 2018 in accordance with the duly posted notice of the meeting, with a quorum of Directors present, as follows:

Charles W. Merritt, President  
Ben A. Solis, Vice President  
Darrell A. Barroso, Secretary  
Lary J. Cangelose, Assistant Secretary  
Mike Kelley, 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. Bob Ideus, fund manager for the District; Mr. Bill Rosenbaum and Ms. Kelly Shipley, engineers for the District; and Ms. Jennifer B. Seipel and Mr. Paul S. Radich, attorneys for the District.

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. Magee reported that today was water disconnection day. There were 68 disconnections in the District and 6 disconnections in Harris County Municipal Utility District No. 248 (“MUD No. 248”).

2. Mr. Collins presented the tax assessor-collector’s report, a copy of which is attached hereto. The report showed a 97.27% collection rate for the 2017 tax year, with all other tax years being 99% collected or better. The Board also discussed the schedule for setting their 2018 tax rate. Ms. Seipel stated that the District’s financial advisor is set to attend the District’s September 12, 2018 meeting to give a tax rate recommendation. After further review of the report, upon motion made by Director Barroso, seconded by Director Cangelose, 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) \$67,557.82 to MUD No. 248 for the District’s pro rata share of the cost to repair manholes associated with a sewer line jointly owned by the District and MUD No. 248, (ii) \$2,844,824.75 for the District’s upcoming debt service payment, and (iii) \$35,686.02 for engineering associated with various projects. Upon

motion made by Director Barroso, seconded by Director Kelley, and unanimously carried, the Board approved the fund manager's report as presented.

4. The Board considered the minutes for the meeting held on August 15, 2018. Upon motion made by Director Solis, 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 74,134,000 gallons from its wells, with an average daily flow of 2,391,419 gallons. The ratio of water pumped to billed was 95% during the month.

At the wastewater treatment plants, the total combined treatment amounted to 76,794,000 gallons with an average daily flow from the plants of 2,477,226 gallons per day. There were 8.9 inches of rainfall during the month of July.

With respect to the distribution and collection system, 20 bacteriological samples were taken with no coliforms detected. The operator changed out 9 meters in the month of July and made no commercial taps.

With respect to out-of-district water use, Emerald Forest Utility District used 337,000 gallons, MUD No. 248 used 15,918,000 gallons, and Harris County Municipal Utility District No. 69 used 10,000 gallons.

As for personnel matters, a monthly safety meeting on lockout/tag-out procedures was held in August. A monthly safety meeting on body mechanics will be held in September.

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

6. Mr. Rosenbaum and Ms. Shipley presented the engineer's report, a copy of which is attached hereto. Mr. Rosenbaum stated that his report involves the engineering analysis of the pipeline to be constructed on District property by Magellan Pipeline and would be covered in executive session.

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

7. 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 Barroso, seconded by Director Cangelose, and unanimously carried, the Board approved payment of the general fund bills as presented.

8. Mr. Homan, Ms. Magee, and Mr. Breeding presented the management report. Ms. Magee reviewed the District's July financials with the Board.

Mr. Breeding presented a revised District sidewalk repair policy for the Board's review. Upon motion made by Director Solis, seconded by Director Barroso, and unanimously carried, the Board approved the policy as presented.

Mr. Breeding also stated that the new District employee hired several weeks ago is scheduled to start work on August 27, 2018.

Mr. Breeding then reported that Travis Ling, a District employee, recently passed the exam to obtain his Class B groundwater treatment operator license.

Mr. Homan stated that he recently had a meeting with the contractor for phases 4 and 5 of the District's sanitary sewer rehabilitation project. He reported that the work is going very well, and the District has received positive feedback from customers affected by the work.

Mr. Homan also reported that the Harris County sheriff's department is scheduled to hold a town hall meeting at the District's administration building on August 28, 2018 from 7:00 p.m. to 9:00 p.m.

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

9. At 7:04 p.m., the Board entered into an executive session to discuss the threatened litigation against the District by Magellan Pipeline. At 7:31 p.m., the Board left executive session and reconvened its regular meeting.

10. The Board considered items for the next agenda, including an executive session to discuss threatened litigation and real estate matters and the District's 2018 tax rate.

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

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Secretary

### Short Term Action Items

1. Review Proposed 2018 Tax Rate
2. Executive Session to Discuss Threatened Litigation

### 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