

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61

Minutes of Meeting of Board of Directors

September 12, 2018

The Board of Directors (“Board”) of Harris County Fresh Water Supply District No. 61 (“District”) met at the Board’s regular meeting place on Wednesday, September 12, 2018 in accordance with the duly posted notice of the meeting, with a quorum of Directors present, as follows:

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

and the following were absent:

Ben A. Solis, Vice President.

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. Bill Rosenbaum, engineer for the District; Mr. Johnny Collins, tax assessor-collector for the District; Ms. Kory Triantafillidis, employee for the District; Ms. Jan Bartholomew, financial advisor for the District; and Ms. Jennifer 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, Mr. Homan read an email from a District resident to Harris County (the “County”) Precinct No. 3 Commissioner Steve Radack regarding a sidewalk project at Cypress North Houston and Huffmeister Road being proposed by the County. The email expressed the resident’s disdain for the project and the means through which the County had attempted to coerce the District into financially contributing toward the project.

2. The Board then discussed the District’s 2018 tax rate. Ms. Bartholomew reviewed the District’s financials with the Board and recommended that, in light of that information, the Board, for the 21st year in a row, reduce its tax rate, which was \$0.31 per \$100 assessed valuation for the tax year 2017, and levy a debt service tax of \$0.30 per \$100 assessed valuation. Upon motion made by Director Kelley, seconded by Director Barroso, and unanimously carried, the Board accepted the financial advisor’s recommendation and requested that the tax assessor-collector publish notice of a public hearing to set the District’s 2018 tax rate as required by law.

3. The Board considered the minutes for the meeting held on August 22, 2018. Upon motion made by Director Kelley, seconded by Director Cangelose, and unanimously carried, the Board approved the minutes as presented.

4. Mr. Rosenbaum next presented the engineer's report, a copy of which is attached hereto. Mr. Rosenbaum presented the final pay application to CDC Unlimited, LLC in the amount of \$4,755.50 for their work in connection with the water line relocation at Huffmeister Road and Tuckerton and recommended payment thereof.

Mr. Rosenbaum also discussed the potential annexation of a tract located on the east side of Huffmeister Road, approximately .87 miles south of Cypress N. Houston. The developers of that tract are seeking water and sanitary sewer service to serve approximately 1.5 million square feet of warehouse space and an office building.

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

5. The Board considered payment of the general fund bills. After review, upon motion made by Director Barroso, seconded by Director Kelley, and unanimously carried, the Board approved payment of the general fund bills as presented.

6. Ms. Magee, Mr. Homan, and Mr. Breeding presented the management report. Ms. Magee presented the District's June SPA check from the City of Houston in the amount of \$105,997.24.

Mr. Breeding stated that development within the District continues to be robust.

Mr. Breeding also confirmed that the District's new employee started work a few weeks ago.

Mr. Breeding also reported that the Harris County sheriff's department held a town hall meeting at the District's administration building on August 28, 2018, and the event went well.

Mr. Breeding provided an update on the sidewalk situation at 12403 Aste Lane.

Mr. Homan discussed the District's recent hurricane preparedness efforts.

Lastly, Mr. Homan reported that Harris County Municipal Utility District No. 248 recently decided to join the Association of Water Board Directors.

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

7. The Board discussed the North Harris County Regional Water Authority (the "Authority"). Mr. Homan and several Directors attended the latest meeting of the Authority, at which the Authority discussed the status of their projects and information videos relating to increasing water rates.

8. With respect to the Water Users Coalition (the “Coalition”), Mr. Homan reported that the Coalition continues to attend meetings and monitor the activities of the AWBD and the Authority.

9. At 7:21 p.m., the Board entered into executive session to discuss real estate matters and threatened litigation associated with Magellan Pipeline’s (“Magellan”) acquisition of District property and facilities. At 7:50 p.m., the District left executive session and resumed its public meeting. After reconvening its public meeting, upon motion made by Director Cangelose, seconded by Director Barroso, and unanimously carried, the Board voted to (i) approve the proposed right of entry agreement with Magellan pursuant to the terms discussed and authorize its consultants and the Board president to finalize and execute the necessary paperwork and (ii) authorize its engineer to commence additional engineering analysis necessary to accommodate Magellan’s acquisition.

10. The Board lastly considered items for the next Board meeting, including renewal of District health insurance and a utility commitment letter for the tract located at 12920 Cypress N. Houston.

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

Secretary

Short Term Action Items

1. Renewal of District Health Insurance
2. Utility Commitment Letter for Tract Located at 12920 Cypress N. Houston

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