

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61

Minutes of Meeting of Board of Directors

June 22, 2016

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, June 22, 2016 in accordance with the duly posted notice of the meeting, with a quorum of Directors present, as follows:

Lary J. Cangelose, President
Mike Kelley, Vice President
Charles W. Merritt, Secretary
Ben A. Solis, Assistant Secretary
Darrell A. Barroso, 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. Johnny Collins, tax assessor-collector for the District; Mr. Bruce Dubiel, 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. Under customer input and inquiries, Ms. Magee reported that the water disconnections for the month had been made. There were 68 disconnects in the District and 7 disconnects in Harris County Municipal Utility District No. 248.

2. Mr. Collins presented the tax assessor-collector's report, a copy of which is attached hereto. The report showed a 96.91% collection rate for the 2015 tax year, with all other tax years being 99.47% collected. After further review of the report, upon motion made by Director Kelley, seconded by Director Barroso, 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. Mr. Ideus discussed the check to be issued to CenterPoint Energy in connection with expenses incurred by the company in connection with the fortification of one of their poles necessitated by work being performed by the District.

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

4. The Board next considered the minutes for the meeting held June 15, 2016. Upon motion made by Director Solis, seconded by Director Merritt, and unanimously carried, the Board approved the minutes as presented.

5. Mr. Dubiel presented the operations report, a copy of which is attached. With respect to water production, the District pumped 63,451,000 gallons from its wells, with an average daily flow of 2,046,806 gallons. The ratio of water pumped to billed was 93% during the month, with a year-to-date ratio of 92%.

At the wastewater treatment plants, the total combined treatment amounted to 82,281,000 gallons with an average daily flow from the plants of 2,654,226 gallons per day. There were 9.6 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 nine meters and made no commercial taps.

With respect to out-of-district water use, Emerald Forest Utility District used 218,000 gallons of water and Harris County Municipal Utility District No. 248 used 14,389,000 gallons of water.

As for personnel matters, a safety meeting on heat stress is scheduled for July 7, 2016.

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

6. Ms. Seipel confirmed that her firm has compiled and submitted to CenterPoint Energy the information required to comply with the emergency operations critical load status for District facilities. This will register with CenterPoint Energy and other emergency operations agencies the District's critical water and wastewater infrastructure, and those facilities will be given priority for restoring service after a hurricane or other disaster.

7. Mr. Rosenbaum then presented the engineer's report, a copy of which is attached hereto. With respect to replacement of the air header at the Hastings Green wastewater treatment plant, Mr. Rosenbaum reported that the project was publicly advertised and three bids were received. However, R&B Group, Inc., one of the bidders, notified the engineer that their bid was based upon a pricing error and requested that it be removed from consideration by the Board. After a thorough discussion, upon motion made by Director Merritt, seconded by Director Solis, and unanimously carried, the Board voted to (i) remove from consideration the bid received by R&B Group, Inc. and (ii) award the contract to Peltier Brothers Construction, Ltd. in the amount of \$239,300.

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

8. The Board discussed the pending condemnation suit between the State of Texas and Huffmeister Commercial Park, LP, in which the District also was named a defendant. After a brief discussion of the situation, the Board elected to table the matter until the engineer is able to obtain additional information needed to assess the situation.

9. The Board considered a Resolution Authorizing Filing Bond Application with the Texas Commission on Environmental Quality in connection with the proposed bond sale previously discussed by the Board. Upon motion made by Director Barroso, seconded by Director Solis, and unanimously carried, the Board approved the resolution as presented.

10. 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 Solis, and unanimously carried, the Board approved payment of the general fund bills as presented.

11. Ms. Magee presented the management report, a copy of which is attached hereto. She confirmed that the District received its March 2016 SPA check from the City of Houston in the amount of \$107,517.76.

Mr. Homan reported that the threshold for allowable amounts of copper present in the District's system has been lowered, which may necessitate additional testing by the District.

Mr. Homan also reiterated that the water leak under Cypress North Houston Road, which District employees have been investigating for several weeks, appears to be coming from a water line owned and operated by Timberlake Improvement District. Mr. Breeding confirmed that Timberlake is aware of the situation.

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

12. The Board reviewed the ethics letter and update by Investment Officers Jerry Homan, Pam Magee, and Bob Ideus. The attorney noted that annually the Investment Officers are required to disclose whether they have any personal business relationships with any entities seeking to sell an investment to the District. The Investment Officers indicated that they have no such relationships. The attorney confirmed the disclosures would be filed with the Texas Ethics Commission as required by law.

13. The Board considered items for the next Board meeting, including the continued discussion of the condemnation suit against Huffmeister Commercial Park, LP.

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

Secretary

Short Term Action Items

1. Discussion of Condemnation of Huffmeister Commercial Park, LP

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