

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61

Minutes of Meeting of Board of Directors

August 17, 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, August 17, 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. Bill Rosenbaum, engineer for the District; Ms. Jan Bartholomew, financial advisor 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 73 disconnects in the District and 5 disconnects in Harris County Municipal Utility District No. 248.

Mr. Homan reported that he recently had a conversation with a District resident regarding the District’s efforts to make the community aware of the District’s elections and other business. Mr. Homan informed her that the District’s website, which will soon go live, will contain a wealth of information on the District and its affairs.

Mr. Homan and the Board also discussed the status of the discharge permit for The Lodge at Huffmeister apartment complex.

2. The Board next considered the minutes for the meeting held on August 10, 2016. Upon motion made by Director Merritt, seconded by Director Solis, and unanimously carried, the Board approved the minutes as presented.

3. The Board next considered approval of the renewal of health insurance for the District’s employees pursuant to the renewal proposal presented from BlueCross BlueShield. Upon motion made by Director Barroso, seconded by Director Kelley, and unanimously carried, the Board approved the renewal of BlueCross BlueShield health insurance as presented.

4. Mr. Rosenbaum presented the engineer's report, a copy of which is attached hereto. With respect to the Hastings Green wastewater treatment plant east sanitary trunkline and manhole rehabilitation project, Mr. Rosenbaum reported that all three sections of the slip line have been pulled through the host pipe.

The engineer also confirmed that the applications for renewal of the District's wastewater discharge permits for the Barwood and Hastings Green wastewater treatment plants were submitted.

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

5. The Board considered the request for utility commitment made by Blue Bubbles Express Car Wash for the operation of a car wash located at 10470 Huffmeister Road. The District engineer confirmed the availability of 2,000 gallons per day of wastewater capacity and 2,600 gallons per day of water capacity to serve the proposed development. Upon motion made by Director Kelley, seconded by Director Barroso, and unanimously carried, the Board approved the presentation of a utility commitment to Blue Bubbles Express Car Wash pursuant to the above-described capacity terms.

6. The Board then considered the request for utility commitment made by Maverick Engineering to serve a 1.2729-Acre tract located at Huffmeister Road and White Oak Landing. The District engineer confirmed the availability of (i) 10 equivalent single family connections, (ii) 3,150 gallons per day of wastewater capacity, and (iii) 4,095 gallons per day of water capacity to serve the proposed development. Upon motion made by Director Kelley, seconded by Director Barroso, and unanimously carried, the Board approved the presentation of a utility commitment for this tract pursuant to the above-described capacity terms.

7. After discussion of the request for utility commitment made in connection with the proposed development located at 11023 Jones Road, the Board elected to take no action with respect thereto.

8. Ms. Bartholomew arrived at the meeting and gave a presentation to the Board regarding the proposed development of an 18.8-acre tract located at Huffmeister Road and Birdcall Lane by KB Home Lonestar, Inc. ("KB"). Specifically, Ms. Bartholomew discussed the District's historical policy with respect to the reimbursement of developers for only a portion of the costs they incur in constructing the water, sewer, and drainage facilities needed to serve the development. She reviewed with the Board a handout covering the amount of reimbursement anticipated by KB and gave the opinion that the reimbursement requested should not necessitate an increase in the District's tax rate. After discussion, the Board unanimously elected to notify the developer of the Board's willingness to enter into an agreement for the reimbursement of certain water, sewer, and drainage facilities pursuant to the District's terms. The Board thanked Ms. Bartholomew for her time, and she left the meeting.

9. The Board then formally considered (i) the developer reimbursement agreement between the District and KB and (ii) the request for utility commitment made by KB,

both of which relate to the 18.8-acre tract located at Huffmeister Road and Birdcall Lane. Upon motion made by Director Kelley, seconded by Director Solis, and unanimously carried, the Board approved the developer reimbursement agreement in substantially the form presented.

With respect to the request for utility commitment by KB, the District engineer confirmed the availability of (i) 88 equivalent single family connections, (ii) 27,720 gallons per day of wastewater capacity, and (iii) 36,036 gallons per day of water capacity to serve the proposed development. Upon motion made by Director Kelley, seconded by Director Solis, and unanimously carried, the Board approved the presentation of a utility commitment for this tract pursuant to the above-described capacity terms.

10. The Board considered payment of the general fund bills. 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.

11. Ms. Magee then presented the management report. She stated that the District received its May SPA check from the City of Houston in the amount of \$85,782.06.

Mr. Breeding reported that the District received the reimbursement check from the insurance company for lightning damage caused to instrumentation at the Barwood plant.

12. The Board considered items for the next Board meeting.

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

Secretary

Short Term Action Items

1. Update on Condemnation of Huffmeister Commercial Park, LP, if applicable

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