

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61

Minutes of Meeting of Board of Directors

December 21, 2016

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 21, 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. 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. There were no customer input and inquiries for consideration.
2. Mr. Collins presented the tax assessor-collector’s report, a copy of which is attached hereto. The report showed a 98.16% collection rate for the 2015 tax year, with all other tax years being 95% collected or better. After further review of the report, upon motion made by Director Barroso, seconded by Director Merritt, 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.

Mr. Collins then stated that a District customer recently approached him regarding an outstanding tax bill. According to Mr. Collins, the customer purchased her home just after the District’s tax bill was sent and thus she did not receive it. Upon learning of the outstanding taxes owed, the customer paid the taxes in full but asked the District to waive the penalties and interest assessed. After discussion, upon motion made by Director Solis, seconded by Director Merritt, and unanimously carried, the Board approved waiver of the penalties and interest incurred as permitted by Section 33.011 of the Texas Tax Code.

3. Mr. Ideus then presented the fund manager’s report, a copy of which is attached hereto. The report shows a check in the amount of \$9,238.63 for engineering associated

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

4. The Board next considered the minutes for the meeting held December 14, 2016. Upon motion made by Director Solis, seconded by Director Barroso, and unanimously carried, the Board approved the minutes as presented.

5. Mr. Breeding presented the operations report, a copy of which is attached. With respect to water production, the District pumped 56,941,000 gallons from its wells, with an average daily flow of 1,898,033 gallons. The ratio of water pumped to billed was 112% during the month, with a year-to-date ratio of 93%.

At the wastewater treatment plants, the total combined treatment amounted to 72,395,000 gallons with an average daily flow from the plants of 2,413,167 gallons per day. There were 4.3 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 1 meter in the month of November and made no commercial taps.

With respect to out-of-district water use, Emerald Forest Utility District used 379,000 gallons of water and Harris County Municipal Utility District No. 248 used 15,893,000 gallons of water.

As for personnel matters, a recap of all of the safety awareness classes held in 2016 was held on December 15, 2016. Mr. Homan reported that the recap class went very well, and they are working to keep the 2017 program as effective. Mr. Breeding stated that a safety course on hypothermia, winter hazards, and safe winter driving is scheduled for January 12, 2017.

After further review, upon motion made by Director Kelley, 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. He reported that the discharge permit for the Barwood wastewater treatment plant has been deemed administratively complete and is being processed. He expects the draft permit will be ready in January.

The engineer stated that he is in the process of reviewing the bond application for the upcoming Series 2017 bond issue.

Lastly, Mr. Rosenbaum reported that Keystone Carpets located off of N. Eldridge is interested in being serviced by the District. He will keep the Board apprised of the situation.

After further review and discussion, upon motion made by Director Solis, seconded by Director Barroso, 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 Merritt, seconded by Director Barroso, and unanimously carried, the Board approved payment of the general fund bills as presented.

8. Ms. Magee presented the management report. She stated that the District received its September SPA check from the City of Houston in the amount of \$95,639.13.

Mr. Homan then stated that he has asked the District's financial advisor to attend one of the District's meetings in January to update the Board on the upcoming bond issue.

Mr. Homan also reported that the Water Users Coalition issued an end-of-year letter recapping the accomplishments achieved by the organization in 2016 and their objectives for 2017.

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

9. At 8:25 p.m., the Board entered executive session to discuss personnel matters. At 9:25 p.m., the Board exited executive session and resumed its regular meeting.

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

Secretary

Short Term Action Items

1. 2017 Series Bond Presentation

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