

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61

Minutes of Meeting of Board of Directors

February 22, 2017

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, February 22, 2017 in accordance with the duly posted notice of the meeting, with a quorum of Directors present, as follows:

Mike Kelley, Vice President
Charles W. Merritt, Secretary
Ben A. Solis, Assistant Secretary
Darrell A. Barroso, Treasurer

and the following were absent:

Lary J. Cangelose, 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. Samuel Meza, operations 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 Vice 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 62.84% collection rate for the 2016 tax year, with all other tax years being 98% collected or better. After further review of the report, upon motion made by Director Barroso, seconded by Director Solis, 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, there was a discrepancy in the tax bill sent to the customer and the amount of taxes actually owed. 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. The Board then considered the attached Order Levying Additional Penalty for Delinquent Taxes. The Order levies a 20% penalty on 2016 delinquent taxes for real

property on July 1, 2016. After review, upon motion made by Director Solis, seconded by Director Merritt, and unanimously carried, the Board adopted the Order as presented.

4. Mr. Ideus then presented the fund manager's report, a copy of which is attached hereto. The report shows checks in the amount of (i) \$370,282.00 for the debt service payment owed and (ii) \$10,725.33 for engineering associated with various capital projects. After further review, upon motion made by Director Merritt, seconded by Director Solis, and unanimously carried, the Board approved the fund manager's report as presented.

5. The Board next considered the minutes for the meeting held on February 15, 2017. Upon motion made by Director Barroso, seconded by Director Merritt, and unanimously carried, the Board approved the minutes as presented.

6. Mr. Meza presented the operations report, a copy of which is attached hereto. With respect to water production, the District pumped 56,421,000 gallons from its wells, with an average daily flow of 1,820,032 gallons. The ratio of water pumped to billed was 99% during the month, with a year-to-date ratio of 99%.

At the wastewater treatment plants, the total combined treatment amounted to 80,495,000 gallons with an average daily flow from the plants of 2,596,613 gallons per day. There were 9.2 inches of rainfall during the month of January.

With respect to the distribution and collection system, 20 bacteriological samples were taken with no coliforms detected. The operator changed out 5 meters in the month of January and made no commercial taps.

With respect to out-of-district water use, Emerald Forest Utility District used 310,000 gallons of water and Harris County Municipal Utility District No. 248 used 14,307,000 gallons of water. Furthermore, Harris County Municipal Utility District No. 69 used 336,000 gallons of water by way of their emergency interconnect to the District's system.

As for personnel matters, a safety training class on chemical safety was held on February 9, 2017. A safety training class on cybersecurity is scheduled for March 9, 2017.

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

7. Mr. Rosenbaum then presented the engineer's report, a copy of which is attached hereto. He reported that the air header replacement project at the Hastings Green wastewater treatment plant is complete.

Mr. Rosenbaum also noted that the District's bond application is being reviewed by the Texas Commission on Environmental Quality ("TCEQ"). He stated that their review should be complete soon.

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

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

9. The Board discussed possible changes to its form of bill with respect to the surface water fees imposed by the North Harris County Regional Water Authority. After some discussion, the Board decided to take no action with respect to this matter.

10. Ms. Magee, Mr. Homan, and Mr. Breeding presented the management report. Mr. Homan reported on the reaction of the council for AWBD to the Water Users Coalition's resolution affirming AWBD's legislative principle no. 10. Mr. Homan requested permission from the Board to write a letter on behalf of the Board to the Board of Trustees for AWBD explaining the intent behind the resolution and proposing that AWBD and its members work together to accomplish their common objectives. After some discussion of the matter, the Board authorized Mr. Homan to do so.

Mr. Breeding confirmed that the air header replacement project at the Hastings Green wastewater treatment plant is now complete, and the District thus avoided payment of certain penalties previously assessed by the TCEQ.

Ms. Magee discussed accommodations for the summer AWBD conference to be held in Corpus Christi.

11. The Board considered items for the next agenda, including renewal of the District's insurance.

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

Secretary

Short Term Action Items

1. 2017 Bond Election

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