

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61

Minutes of Meeting of Board of Directors

April 26, 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, April 26, 2017 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
Darrell A. Barroso, Treasurer

and the following were absent:

Ben A. Solis, Assistant Secretary.

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. Samuel Meza, operations manager for the District; Mr. Bill Rosenbaum, engineer for the District; Mr. Bob Ideus, fund manager for the District; Mr. Joseph Ellis, auditor 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 inquiries or input for consideration.
2. Mr. Collins presented the tax assessor-collector’s report, a copy of which is attached hereto. The report showed a 94.58% collection rate for the 2016 tax year, with all other tax years being 99% collected or better. After further review of the report, upon motion made by Director Merritt, seconded by Director Kelley, 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. The report shows checks in the amount of (i) \$24,895.87 to Peltier Bros. Construction, Ltd. for payments owed in connection with the air header replacement project and (ii) \$14,670.61 for engineering associated with various capital projects. After further review, upon motion made by Director Kelley, seconded by Director Merritt, and unanimously carried, the Board approved the fund manager’s report as presented.
4. Mr. Ellis of McCall Gibson Swedlund Barfoot, PLLC presented an audit of the District’s books and records for the fiscal year ended December 31, 2016. He stated that the District experienced another good year and his firm was issuing an unmodified opinion. Mr.

Ellis reviewed the audit with the Board in detail. The Board proposed one change. Upon motion made by Director Barroso, seconded by Director Kelley, and unanimously carried, the Board approved the audit as modified and authorized its filing as required by law.

5. Ms. Seipel discussed the continuing disclosure filing with regard to the District's bonds. Pursuant to Bond Orders previously adopted, the District is required to annually update certain material information, including the audit, that might be of interest to District bondholders. Upon motion made by Director Barroso, seconded by Director Kelley, and unanimously approved, the Board authorized filing the requisite continuing disclosures.

6. The Board reviewed the Resolution Affirming Review of Investment Policy, Strategies, and Objectives, a copy of which is attached hereto. Ms. Seipel noted that, as required by the Public Funds Investment Act, the Board annually must review and either amend or affirm its investment policy. The District's investment officers confirmed that the policy currently in place is working and recommended that it be affirmed. Upon motion made by Director Barroso, seconded by Director Merritt, and unanimously carried, the Board approved the Resolution Affirming Review of Investment Policy, Strategies, and Objectives as presented.

7. Ms. Seipel discussed the requirement that an annual financial statement be filed with the comptroller pursuant to House Bill 1378. Upon motion made by Director Barroso, seconded by Director Merritt, and unanimously approved, the Board authorized filing the audit as required by law.

8. The Board next considered the minutes for the meeting held on April 19, 2017. Upon motion made by Director Kelley, seconded by Director Barroso, and unanimously carried, the Board approved the minutes as presented.

9. Mr. Meza presented the operations report, a copy of which is attached hereto. With respect to water production, the District pumped 55,859,000 gallons from its wells, with an average daily flow of 1,801,903 gallons. The ratio of water pumped to billed was 83% during the month.

At the wastewater treatment plants, the total combined treatment amounted to 71,587,000 gallons with an average daily flow from the plants of 2,309,258 gallons per day. There were 6.2 inches of rainfall during the month of March.

With respect to the distribution and collection system, 20 bacteriological samples were taken with no coliforms detected. The operator changed out 21 meters in the month of March and made no commercial taps.

With respect to out-of-district water use, Emerald Forest Utility District used 288,000 gallons of water and Harris County Municipal Utility District No. 248 used 10,868,000 gallons of water.

As for personnel matters, a safety training class on traffic control was held on April 13, 2017. A safety training class on eye/face protection and power tool safety is scheduled for May 5, 2017.

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

10. Mr. Rosenbaum then presented the engineer's report, a copy of which is attached hereto. He presented the final pay application from Peltier Bros. Construction, Ltd. in the amount of \$24,895.87 for the air header project and recommended payment thereof.

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

11. The Board then considered the utility commitment letter for the proposed development of a skilled nursing facility at Huffmeister Road and Birdcall Lane. The attorney confirmed that, according to the engineer, the District has the capacity to serve this development. Upon motion by Director Merritt, seconded by Director Barroso, and unanimously carried, the Board approved the utility commitment letter as presented.

12. 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.

13. Ms. Magee, Mr. Homan, and Mr. Breeding presented the management report. Ms. Magee reviewed the March financials with the Board.

Mr. Homan then reported that the District's 2017 family day would be held at the NASA Space Center.

Ms. Magee confirmed that early voting with respect to the District's 2017 bond election is going smoothly.

Mr. Homan also stated that the advisory council of the Water Users Coalition is holding a meeting on May 4, 2017.

14. The Board considered items for the next agenda, including canvassing the results of the bond election and the presentation on retirement plans to be given by Texas County and District Retirement System.

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

Secretary

Short Term Action Items

1. Retirement Plan 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