

## **HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61**

Minutes of Meeting of Board of Directors

May 24, 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, May 24, 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  
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. Samuel Meza, operations manager for the District; Mr. Bill Rosenbaum, engineer for the District; Mr. Bob Ideus, fund manager 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 inquiries and input, Mr. Homan noted that he recently visited with the owner of the property at 11022-11024 Tower Oaks Boulevard regarding the owner’s request for annexation into the District. Mr. Homan stated that the owner may come before the Board at their next meeting to discuss his request for annexation.

2. Ms. Bartholomew approached the Board and presented the results of the public bidding and plan of financing for the Series 2017 bond issue. Ms. Bartholomew reviewed the bid form and plan of financing with the Board and noted that the low bidder for the bonds was Samco Capital Markets at a net effective interest rate of 2.918773%. She also reported that the District received an A-1 rating from Moody’s.

Ms. Seipel then proceeded to review the necessary documents to complete the Series 2017 bond transaction. Ms. Seipel presented a paying agent agreement with Amegy Bank, N.A. and noted that said agreement provides that Amegy Bank, N.A. will act as the paying agent ensuring that the proceeds due to the bondholders are distributed in a timely and accurate manner. The Board reviewed the Official Statement for bonds, and Ms. Seipel noted that very few changes had been made to the Official Statement since the Board reviewed and approved the Preliminary Official Statement. The Official Statement includes information regarding the purchasers, interests rates, and maturity schedules. Ms. Seipel then reviewed the Bond Order

with the Board of Directors and noted that the Bond Order serves as the contract between the District and the bondholders outlining the rights and responsibilities of each party in the transaction. Subject to that discussion, upon motion made by Director Solis, seconded by Director Barroso, and unanimously carried, the Board approved award of bonds to Bank of Samco Capital Markets, to be insured by Build America Mutual Assurance Company, upon the terms presented and the plan of financing as presented by Ms. Bartholomew, as well as the paying agent agreement with Amegy Bank, N.A., the Official Statement, the Bond Order, and further authorized the President, Vice President, Secretary and District consultants to execute all documents necessary for the sale and closing of the bonds, as well as authorize bond counsel to submit the bond transcript to the Attorney General of Texas for review and take all necessary actions to effectuate the close of the Series 2017 bonds as described.

3. Ms. Magee presented the tax assessor-collector's report, a copy of which is attached hereto. The report showed a 95.17% 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 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.

4. 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 \$16,367.43 for engineering associated with various capital projects. After further review, upon motion made by Director Barroso, seconded by Director Kelley, 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 May 17, 2017. Upon motion made by Director Kelley, seconded by Director Barroso, 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 58,385,000 gallons from its wells, with an average daily flow of 1,946,167 gallons. The ratio of water pumped to billed was 85% during the month.

At the wastewater treatment plants, the total combined treatment amounted to 69,668,000 gallons with an average daily flow from the plants of 2,322,267 gallons per day. There were 2.4 inches of rainfall during the month of April.

With respect to the distribution and collection system, 20 bacteriological samples were taken with no coliforms detected. The operator changed out 13 meters in the month of April and made no commercial taps.

With respect to out-of-district water use, Emerald Forest Utility District used 296,000 gallons of water and Harris County Municipal Utility District No. 248 used 12,046,000 gallons of water.

As for personnel matters, a safety training class on eye and face protection and power tool safety was held on May 11, 2017. A safety training class on health and nutrition is scheduled for June.

After further review, upon motion made by Director Solis, seconded by Director Merritt, 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. The engineer discussed the plans for Phase 3 of the District's sanitary sewer rehabilitation project and requested authorization to advertise for bids to complete the work. Upon motion made by Director Barroso, seconded by Director Merritt, and unanimously carried, the Board authorized advertisement of the project.

After further review and discussion, upon motion made by Director Kelley, seconded by Director Barroso, 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. Ms. Magee, Mr. Homan, and Mr. Breeding presented the management report. Ms. Magee stated that the District received its February SPA check from the City of Houston in the amount of \$81,228.83.

Mr. Homan discussed the sources of funding for Phase 3 of the District's sanitary sewer rehabilitation project.

Mr. Homan reported that the District's 2017 family day was a great success and thanked the Board for supporting the event.

Mr. Breeding then confirmed that the District's Consumer Confidence Report has been finalized and will be posted on the District's website as permitted by law.

Mr. Homan also reported that the District employees recently were presented with information on the Texas County and District Retirement System. He stated that the overall response from the employees was very positive.

10. The Board considered items for the next agenda, including the rotation of officers.

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

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Secretary

Short Term Action Items

1. Rotation of Officers

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