

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61

Minutes of Meeting of Board of Directors

August 23, 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, August 23, 2017 in accordance with the duly posted notice of the meeting, with a quorum of Directors present, as follows:

Mike Kelley, President
Charles W. Merritt, Vice President
Ben A. Solis, Secretary
Darrell A. Barroso, Assistant Secretary
Lary J. Cangelose, 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. Samuel Meza, operations manager 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 inquiries or input for consideration.
2. Ms. Magee presented the tax assessor-collector’s report, a copy of which is attached hereto. The report showed a 97.05% 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 Solis, seconded by Director Cangelose, 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) \$2,710,350.75 for the District’s upcoming debt service payment and (ii) \$26,281.32 for engineering associated with various capital projects. The report also showed transfers from the Series 2017 construction fund in the amounts of (i) \$476,286.67 to the District’s emergency fund, (ii) \$9,7743.56 to the District’s general fund, and (iii) \$9,500 to the District’s construction fund, all of which were done pursuant to an order and staff memorandum of the Texas Commission on Environmental Quality allowing the District to reimburse itself for expenditures previously made using the bond proceeds. Upon motion made by Director Solis, seconded by Director Barroso, and unanimously carried, the Board approved the fund manager’s report as presented.

4. The Board next considered the minutes for the meeting held on August 16, 2017. Upon motion made by Director Solis, seconded by Director Merritt, and unanimously carried, the Board approved the minutes as presented.

5. Mr. Meza presented the operations report, a copy of which is attached hereto. With respect to water production, the District pumped 76,131,000 gallons from its wells, with an average daily flow of 2,455,839 gallons. The ratio of water pumped to billed was 82% during the month.

At the wastewater treatment plants, the total combined treatment amounted to 83,348,000 gallons with an average daily flow from the plants of 2,688,645 gallons per day. There were 4.6 inches of rainfall during the month of July.

With respect to the distribution and collection system, 20 bacteriological samples were taken with no coliforms detected. The operator changed out 14 meters in the month of July and made two commercial taps.

With respect to out-of-district water use, Emerald Forest Utility District used 189,000 gallons of water and Harris County Municipal Utility District No. 248 used 15,178,000 gallons of water.

As for personnel matters, a safety training class on vehicle safety and maintenance was held on August 10, 2017. A safety training class on communication safety is scheduled for September.

After further review, upon motion made by Director Solis, seconded by Director Merritt, 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. The engineer reported that the warranty for phase 2 of the Hastings Green wastewater treatment plant east sanitary sewer trunkline and manhole rehabilitation project is set to expire in November. Accordingly, inspections of the plant are being scheduled for September.

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.

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

8. Ms. Magee, Mr. Homan, and Mr. Breeding presented the management report. Ms. Magee reviewed the District's current financial statement and budget comparison. It was noted that the District was reimbursed for a portion of the attorneys' fees incurred during July by a developer who needed an easement from the District and paid all fees associated with the District's attorney's work on such easement. Ms. Magee confirmed that the financial statement and budget comparison would be revised to reflect this reimbursement.

Mr. Breeding and Mr. Homan reported that phase 3 of the of the sanitary sewer rehabilitation project is still going well. They provided a summary of the status of construction.

Lastly, Mr. Homan then discussed the District's hurricane preparedness efforts in light of the presence of Hurricane Harvey in the Gulf of Mexico. Mr. Homan stated that he and other District employees are closely monitoring the situation and have an emergency response plan in place. He confirmed that this plan includes a twenty-four hours a day, seven days a week monitoring of the District's systems and facilities.

Upon motion made by Director Barroso, seconded by Director Cangelose, and unanimously carried, the Board approved the management report as presented.

9. The Board undertook further consideration of the retirement plans offered by the Texas County and District Retirement System ("TCDRS"), with such plans previously having been presented by representatives of the TCDRS, Mr. Breeding, and Mr. Homan. The Board first discussed whether it felt the District should join the TCDRS. After some discussion regarding the history and purpose of the TCDRS, upon motion made by Director Barroso, seconded by Director Solis, and unanimously carried, the Board elected to join the TCDRS beginning in January 1, 2018. The District's participation in the TCDRS will be done pursuant to some of the terms previously proposed, including (i) an 8-year vesting period, (ii) application of the TCDRS' "Rule of 75," which makes a District employee eligible for retirement once his or her years of service plus age equal at least 75, and (iii) a District employee is eligible for retirement, irrespective of age, once he or she has been employed by the District for 20 years. With respect to the issues of employee contribution and District matching, the District engaged in further discussion.

Because the TCDRS requires all employees of a participating employer to make the same percentage monthly contribution, the Board discussed the percentage of contribution to be required of District employees. The Board weighed various considerations, including, but not limited to, the average contribution required by entities similar to the District and the impact various percentages would have on the employees' take-home pay. Upon motion made Director Barroso, seconded by Director Solis, and unanimously carried, the Board voted to require a 6% employee contribution.

Finally, the Board discussed the percentage at which the District will match the contributions made by District employees. The Board reviewed its financials and the resulting impact of various percentages of match. After further discussion, upon motion made by Director Merritt, seconded by Director Barroso, and unanimously carried, the Board elected to match the employees' contributions at a rate of 2:1.

10. The Board considered items for the next agenda, including discussion of the District's 2017 tax rate.

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

Secretary

Short Term Action Items

1. Discuss 2017 Tax Rate

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