

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61

Minutes of Meeting of Board of Directors

October 11, 2017

The Board of Directors (“Board”) of Harris County Fresh Water Supply District No. 61 (“District”) met at the Board’s regular meeting place on Wednesday, October 11, 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. Bill Rosenbaum, engineer for the District; Mr. Josh Stuckey, a representative from the infrastructure department of Harris County (the “County”); Mr. Ross Hosket, a project manager from the special projects division of the County; Mr. Carlos Perez, a representative from the County; and Ms. Jennifer Seipel, attorney for the District. Also present were Ms. Kathi Valenti, Ms. Cathy Levin, Ms. Veronica Brown, Ms. Rosie Solis, Ms. Melinda McKay, Mr. Robert McKay, Ms. Elizabeth Young, Ms. Jana Kellinbenz, Mr. Kurt Kellinbenz, Ms. Susan Keene, Ms. Nicholas Martinez, Ms. Steven Rainer, Mr. R. Lozano, Ms. Marnella Ward, and Ms. Barbara Smith, residents of 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 input and inquiries, several residents raised their concerns regarding the flooding experienced in the Barwood and Tower Oaks Meadows neighborhoods. The general sentiment from the residents was that the drainage channels in the area (i) have not been properly maintained by the County and/or Harris County Flood Control (“Flood Control”) for decades and (ii) are not properly sized or designed to handle the rains and sheet flow being experienced in the area. Mr. Stuckey stated the neighborhoods in question were developed pursuant to the drainage standards in place 40 or 50 years ago, which we now know to be inadequate. He reported that the County believes it has a solution that may relieve some of the flooding, but the engineering plans are not complete. He then indicated that the County is willing to carry out this solution if, and only if, the District forms a partnership with the County for the purpose of shouldering some of the financial responsibility of the project.

After a considerable amount of discussion between the Board, the residents in attendance, and Mr. Stuckey, the Board requested that Mr. Stuckey present to them the County’s

proposed solution once the engineering plans are complete. Mr. Hosket confirmed that it would take about three weeks for the plans to be finalized. The District will place consideration of the matter on its agenda once it hears from the County.

2. The Board called the public hearing for public comment on the proposed 2017 tax rate to be set in the District. No comments were received. The Board then closed the public hearing.

3. The Board considered the Order Setting Tax Rate, Approving Tax Roll, and Levying Debt Service Tax for 2017. Mr. Collins confirmed that he had published the required notice which reflects that the District will set a tax rate of \$0.31 per \$100 valuation. Ms. Seipel then presented an Amendment to Statement of Directors which reflects the newly-adopted tax rate, a copy of which will be recorded in the Real Property Records of Harris County, Texas. After review, and upon motion made by Director Merritt, seconded by Director Solis, the Board voted unanimously to approve the Order setting the District's 2017 tax rate at \$0.31 per \$100 valuation and the Amendment to Statement of Directors.

4. The Board considered the minutes for the meeting held on September 27, 2017. Upon motion made by Director Barroso, seconded by Director Merritt, and unanimously carried, the Board approved the minutes as presented.

5. Mr. Rosenbaum next presented the engineer's report, a copy of which is attached hereto. With respect to phase 3 of the sanitary sewer rehabilitation project, the engineer presented Pay Application No. 1 from Houston North Pole Line, L.P. in the amount of \$40,022.73 and recommended payment thereof. Upon motion made by Director Merritt, seconded by Director Barroso, and unanimously carried, the Board approved the application as presented.

Mr. Rosenbaum then provided an update on the washout at 13200 Oak Ledge Drive at the junction of White Oak Bayou at Channel 133, such washout having resulted from the heavy rains caused by Hurricane Harvey. As a result of this washout, a District sanitary sewer force main has been left exposed and is thus vulnerable to structural failure. Mr. Rosenbaum and Mr. Homan stated that they have been monitoring the force main closely and have reported the problem to representatives for Flood Control. In light of Flood Control's inaction thus far, Mr. Rosenbaum presented a proposal to the Board to install braces underneath the force main for purposes of stabilization. Upon motion made by Director Solis, seconded by Director Barroso, and unanimously carried, the Board approved the proposal as presented.

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

6. Ms. Seipel then presented a draft of a letter to Flood Control regarding the washout at 13200 Oak Ledge Drive. After some discussion, the Board authorized Ms. Seipel to send the letter as drafted.

7. The Board then considered utility commitment letters for the tracts located at (i) Huffmeister Road and Tuckerton Drive and (ii) Cypress N. Houston and N. Eldridge

Parkway. The attorney confirmed that, according to the engineer, the District has the capacity to serve these developments. Upon motion by Director Barroso, seconded by Director Solis, and unanimously carried, the Board approved the utility commitment letters as presented.

8. The Board considered payment of the general fund bills. 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. Mr. Homan, Mr. Breeding, and the Board continued to discuss issues associated with and solutions to the flooding being experienced in Tower Oaks Meadows and Barwood.

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

10. The Board briefly discussed the North Harris County Regional Water Authority (the "Authority"). Mr. Homan and several directors attended the latest meeting of the Authority, at which the Authority reported on the status of its project. The Board also discussed the publication of color magazine by the Authority, which it previously had said it was no longer going to do.

11. With respect to the Water Users Coalition (the "Coalition"), Mr. Homan reported that the Coalition continues to engage in networking activities, with a particular focus on the Association of Water Board Directors' efforts to involve itself in certain pressing matters.

12. The Board lastly considered items for the next Board meeting, including a presentation from Satori Energy and a utility commitment letter for 13600 Birdcall Lane.

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

Secretary

Short Term Action Items

1. Presentation from Satori Energy
2. Utility Commitment for 13600 Birdcall Lane

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