

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61

Minutes of Meeting of Board of Directors

February 28, 2018

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 28, 2018 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. Johnny Collins, tax assessor-collector 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 input or inquiries for consideration.
2. Mr. Collins presented the tax assessor-collector’s report, a copy of which is attached hereto. The report showed a 79.39% collection rate for the 2017 tax year, with all other tax years, excluding 2017, being 98% collected or better. After further review of the report, upon motion made by Director Solis, 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.
3. The Board then considered the attached Order Levying Additional Penalty for Delinquent Taxes. The Order levies a 20% penalty on 2017 delinquent taxes for real property on July 1, 2017. After review, upon motion made by Director Solis, seconded by Director Barroso, 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 showed checks in the amounts of (i) \$245,700.00 to Vaca Underground Utilities in connection with their work on the replacement of a 12” water line under U.S. 290, (ii) \$152,073.90 to North Houston Pole Line, LP in connection with their work on the current sanitary sewer rehabilitation project, and (iii) \$41,779.73 for engineering associated with

various capital projects. Upon motion made by Director Merritt, seconded by Director Barroso, and unanimously carried, the Board approved the fund manager's report as presented.

5. The Board considered the minutes for the meeting held on February 21, 2018. Upon motion made by Director Cangelose, 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 63,557,000 gallons from its wells, with an average daily flow of 2,050,226 gallons. The ratio of water pumped to billed was 99% during the month.

At the wastewater treatment plants, the total combined treatment amounted to 75,986,000 gallons with an average daily flow from the plants of 2,451,161 gallons per day. There were 3.0 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 9 meters in the month of January and made no commercial taps. There were 5 distribution line leaks detected.

With respect to out-of-district water use, Emerald Forest Utility District used 191,000 gallons, Harris County Municipal Utility District No. 248 used 11,735,000 gallons, and Harris County Municipal Utility District No. 222 used 526,000 gallons.

As for personnel matters, a safety training class on power equipment was held on February 9, 2018. A quarterly safety meeting will be held in March.

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

7. Mr. Homan and Mr. Breeding presented the engineer's report, a copy of which is attached hereto. With respect to the U.S. 290 water line relocation project, Mr. Homan reported that the project, which was scheduled to take 180 days, is almost complete.

Mr. Homan and Mr. Breeding confirmed that the current phase of the sanitary sewer rehabilitation project is almost complete as well. The Board then discussed the timeframe for commencing additional phases of the sanitary sewer rehabilitation work needed.

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

8. The Board then considered the issuance of a utility commitment letter for a meat market located at 13867 Cypress North Houston Road. The attorney confirmed that, according to the engineer, the tract is within the District's boundaries and the District has the capacity to serve the proposed development thereon. Upon motion by Director Merritt, seconded by Director Cangelose, and unanimously carried, the Board approved the utility commitment letter as presented.

9. 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.

10. Mr. Homan, Ms. Magee, and Mr. Breeding presented the management report. Ms. Magee presented the District's January financials with the Board.

Mr. Homan stated that Casey Henderson, a District employee, recently passed the Class C wastewater operator exam.

Mr. Breeding stated that the District received a response to the demand letter it sent to the driver who backed into the wall surrounding the District's administration building, causing several panels to come down. The driver asked for a 6-month payment plan to pay the amount specified in the demand letter and owed to the District. Upon motion made by Director Merritt, seconded by Director Barroso, and unanimously carried, the Board approved the 6-month payment plan as requested.

Mr. Homan and Mr. Breeding also discussed the status of various development projects within and outside of the District, including a potential request for a fire connection to serve a building located in Harris County Municipal Utility District No. 248.

Mr. Homan then reviewed with the Board the latest round of comments received from Harris County and Harris County Flood Control on the proposed interlocal agreement between the parties. The Board shared their thoughts on the comments with Mr. Homan and the attorney.

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

11. The Board considered items for the next agenda, including renewal of the District's insurance and a discussion of election matters.

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

Secretary

Short Term Action Items

1. Renewal of District Insurance
2. Discuss Election Matters

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