

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61

Minutes of Meeting of Board of Directors

January 23, 2019

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, January 23, 2019 in accordance with the duly posted notice of the meeting, with a quorum of Directors present, as follows:

Charles W. Merritt, President
Ben A. Solis, Vice President
Darrell A. Barroso, Secretary
Lary J. Cangelose, Assistant Secretary
Mike Kelley, 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; Mr. Bill Rosenbaum and Ms. Kelly Shipley, engineers for the District; and Ms. Jennifer B. Seipel, attorney for the District. Also present was Ms. Linda Masotti, a District resident.

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, Ms. Masotti approached the Board regarding delinquent taxes owed for the 2016 tax year. Ms. Masotti purchased the home in 2016 and, after some discussion with Mr. Collins and Ms. Masotti, it was determined that her 2016 tax bill likely was sent to the prior owner. Ms. Masotti stated that she was willing to immediately pay the outstanding taxes owed but inquired as to whether the Board would waive the penalties and interest assessed against her. Per the authority vested in it by the Texas Tax Code, upon motion made by Director Kelley, seconded by Director Solis, and unanimously carried, the Board approved the waiver of penalties and interest assessed against Ms. Masotti in connection with her 2016 tax bill. Ms. Masotti thanked the Board for their time and left the meeting with Mr. Collins to pay the outstanding taxes owed.

Ms. Magee reported that the District was water disconnection day. There were 80 disconnections in the District and four disconnections in Harris County Municipal Utility District No. 248.

2. The Board considered tax exemptions for the 2019 tax year. The Board reviewed the attached Order Adopting Residence Homestead Exemption for Persons 65 or Older or Disabled. In prior years, the District has provided an exemption of \$25,000 for homesteads

for persons 65 or older or disabled and can continue such exemption with adoption of this Order. Upon motion duly made by Director Barroso, seconded by Director Solis, and unanimously carried, the Board approved the attached Order Adopting Residence Homestead Exemption for Persons 65 or Older or Disabled.

The Board then considered the attached Order Adopting Homestead Exemption. In prior years, the District has provided an exemption of 20% on residential homesteads and can continue such exemption with adoption of this Order. Upon motion duly made by Director Kelley, seconded by Director Solis, and unanimously carried, the Board approved the attached Order Adopting Homestead Exemption.

3. The Board then considered the attached Order Levying Additional Penalty for Delinquent Taxes. The Order levies a 20% penalty on 2018 delinquent taxes for real property on July 1, 2019. After review, upon motion made by Director Solis, seconded by Director Barroso, and unanimously carried, the Board adopted the Order as presented

4. Mr. Collins presented the tax assessor-collector's report, a copy of which is attached hereto. The report showed a 32.07% collection rate for the 2018 tax year, with all other tax years, excluding 2018, being 99% collected or better. After further review of the report, upon motion made by Director Barroso, 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.

5. Mr. Ideus then presented the fund manager's report, a copy of which is attached hereto. The report showed checks in the amount of (i) \$32,613.30 to King Solution Services, LLC for their work in connection with phases 4 and 5 of the District's sanitary sewer rehabilitation project and (ii) \$54,522.33 for engineering associated with various projects. Upon motion made by Director Barroso, seconded by Director Cangelose, and unanimously carried, the Board approved the fund manager's report as presented.

6. The Board considered the minutes for the meeting held on January 16, 2019. One change to the minutes was suggested, and upon motion made by Director Cangelose, seconded by Director Solis, and unanimously carried, the Board approved the minutes as amended.

7. Mr. Meza presented the operations report, a copy of which is attached hereto. With respect to water production, the District pumped 50,276,000 gallons from its wells, with an average daily flow of 1,621,806 gallons. The ratio of water pumped to billed was 92% during the month.

At the wastewater treatment plants, the total combined treatment amounted to 80,685,000 gallons with an average daily flow from the plants of 2,602,742 gallons per day. There were 9.7 inches of rainfall during the month of December.

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

With respect to out-of-district water use, Emerald Forest Utility District used 232,000 gallons and Harris County MUD No. 248 used 10,527,000 gallons.

As for personnel matters, a safety meeting on hypothermia and winter hazards was held in January. A monthly safety meeting on trenching and shoring and heavy equipment safety will be held in February.

Mr. Homan and Mr. Breeding also discussed the District's water accountability figures for the 2018 year, stating that an increase in water line flushing accounts for the slight drop in numbers. Mr. Homan and Mr. Breeding confirmed that the flushing has resulted in better water quality and fewer customer inquiries. The Board expressed their satisfaction with what was being done.

Mr. Breeding also provided an update on the District's schedule for implementing automated meters throughout the District.

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

8. Mr. Rosenbaum and Ms. Shipley presented the engineer's report, a copy of which is attached hereto. Mr. Rosenbaum reported that the recoating of Elevated Storage Tank No. 2 is progressing. Mr. Homan stated that the booster club for Cy-Falls High School has confirmed that they are sending payment for the painting of their logo on the storage tank.

Mr. Rosenbaum also reported that he has been working closely with the attorneys on the Magellan pipeline matter.

After further review and discussion, upon motion made by Director Solis, seconded by Director Cangelose, and unanimously carried, the Board approved the pay application and engineer's report 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 Barroso, seconded by Director Cangelose, 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 reviewed the District's December financials with the Board.

Ms. Magee also confirmed the Board's reservations for the upcoming conference of the Association of Water Board Directors.

Mr. Breeding reported that a resident residing at 13918 White Oak Glen, which is in Harris County Municipal Utility District No. 248, has made a claim that he backed his vehicle into a District backhoe parked outside his house. Mr. Breeding stated that he will update the Board if he hears anything further regarding the matter.

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

11. The Board considered items for the next agenda.

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

Secretary

Short Term Action Items

1. Normal Business

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