

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61

Minutes of Meeting of Board of Directors

February 13, 2019

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, February 13, 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. Bill Rosenbaum, engineer for the District; and Mr. Paul Radich and Ms. Jennifer Seipel, attorneys for the District. Also present were Ms. Jennifer Simpson and Ms. Terri Duke.

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. Simpson approached the Board regarding a vacant strip of property adjacent to her home at 13111 Barwood Bend. She reminded the Board that she has been mowing the area and inquired as to whether the District owned it. Ms. Seipel reported that her office recently received a title report for the area and will let Ms. Simpson know the results of the report as soon as possible. Ms. Simpson thanked the Board for their time and assistance, and she and Ms. Duke left the meeting.

2. The Board considered the minutes for the meeting held on January 23, 2019. Upon motion made by Director Barroso, seconded by Director Solis, and unanimously carried, the Board approved the minutes as presented.

3. Mr. Rosenbaum next presented the engineer’s report, a copy of which is attached hereto. With respect to the water line, sanitary sewer line, and lift station relocations necessitated by the Texas Department of Transportation’s (“TxDOT”) expansion of N. Eldridge Parkway and F.M. 1960, Mr. Rosenbaum reported that TxDOT’s design plans are 30% complete. A utilities coordination meeting is scheduled for February 22, 2019.

The engineer then presented and recommended approval of the following from King Solution Services, LLC for their work in connection with phases 4 and 5 of the District’s

sanitary sewer rehabilitation project: (i) a Change Order in the amount of \$3,650.00 and (ii) Pay Application No. 6 in the amount of \$211,882.50.

After further review, upon motion made by Director Kelley, seconded by Director Solis, and unanimously carried, the Board approved the change order, pay application, and engineer's report as presented.

4. The Board considered payment of the general fund bills. 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.

5. Ms. Magee, Mr. Homan, and Mr. Breeding presented the management report. Ms. Magee presented the November SPA check from the City of Houston in the amount of \$93,419.04.

Mr. Breeding reported that he continues to work on water conservation and other reports and the District's automated meter project.

Mr. Breeding also stated that the owner of 12403 Aste Lane has poured concrete in front of his home. The modification is subject to Harris County, not District, approval.

Mr. Homan noted that a large nearby tract is under contract for sale, and Harris County Municipal Utility District No. 248 ("MUD No. 248") is looking to annex and serve the tract.

Mr. Homan also stated that MUD No. 248 approved a rate increase with respect to the Operations Agreement by and between MUD No. 248 and the District.

Lastly, Mr. Breeding reported that the District has not heard anything new from the resident residing at 13918 White Oak Glen, who made a claim that he backed his vehicle into a District backhoe parked outside his house.

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

6. The Board discussed the North Harris County Regional Water Authority (the "Authority"). Several Directors attended the latest meeting of the Authority, at which the Authority discussed the overall cost of the surface water conversion project.

7. With respect to the Water Users Coalition, Mr. Homan stated that he had no new information.

8. At 7:05 p.m., the Board entered into executive session to discuss the status of the District's litigation with Magellan Pipeline Company, L.P. ("Magellan"). At the request of Mr. Homan, the Board asked the attorneys, the engineer, and Ms. Magee to leave the meeting for the first portion of the discussion. At 9:27 p.m., the Board exited executive session and reconvened its regular meeting. Upon motion made by Director Barroso, seconded by Director Cangelose, and unanimously carried, the Board instructed the attorneys to negotiate the First

Amendment of Right of Entry and Possession presented by Magellan, with two requested changes: (i) that the document be revised to confirm that both the pipeline and the easement itself are outside the 150 foot buffer zone established by the sanitary control easement held by the District, and (ii) that language regarding a future agreement to adjust the pipeline be removed from the document. The Board of Directors also made it clear to the legal team that they support and have complete confidence in their management staff, and desire the legal team to consult, collaborate and listen to the management team in matters relating to the Magellan pipeline project negotiations.

9. The Board lastly considered items for the next Board meeting, including the First Amendment of Right of Entry and Possession with Magellan.

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

Secretary

Short Term Action Items

1. First Amendment of Right of Entry and Possession with Magellan Pipeline Company, L.P.

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