

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61

Minutes of Meeting of Board of Directors

February 27, 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, February 27, 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; Mr. Johnny Williams, a representative of Champions Hydro-Lawn; and Ms. Jennifer B. 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. Mr. Collins presented the tax assessor-collector’s report, a copy of which is attached hereto. The report showed a 80.96% collection rate for the 2018 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 showed checks in the amount of (i) \$211,882.50 to King Solution Services, LLC for their work in connection with phases 4 and 5 of the District’s sanitary sewer rehabilitation project, (ii) \$386,393.75 for the District’s upcoming debt service payment and (iii) \$103,011.71 for engineering associated with various projects. Mr. Ideus noted that the engineering check covered two months’ of engineering services. 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 considered the minutes for the meeting held on February 20, 2019. Upon motion made by Director Barroso, seconded by Director Solis, 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 50,499,000 gallons from its wells, with an average daily flow of 1,629,000 gallons. The ratio of water pumped to billed was 97% during the month.

At the wastewater treatment plants, the total combined treatment amounted to 77,557,000 gallons with an average daily flow from the plants of 2,501,839 gallons per day. There were 5.1 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 10 meters in the month of January and made no commercial or residential taps.

With respect to out-of-district water use, Emerald Forest Utility District used 179,000 gallons and Harris County MUD No. 248 used 10,816,000 gallons.

As for personnel matters, a safety meeting on trenching and shoring and heavy equipment safety was held in February. A monthly safety meeting on health, wellness, and nutrition will be held in March.

Mr. Homan and Mr. Meza also discussed a recent loss of approximately 700,000 gallons of water during a bad storm. The Board discussed whether any measure could be taken to avoid such losses in the future.

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

6. Mr. Williams presented a report on behalf of Champions Hydro-Lawn (“Champions”). He reported that all of the District’s facilities appear to be in good condition. Mr. Williams also stated that he met with representatives for Magellan Pipeline Company regarding their proposed pipeline installation within a District detention pond. He assured the Board that he will closely monitor their activities. At the conclusion of his report, Mr. Williams requested a rate increase pursuant to the District’s contract with Champions. After noting the quality of that Champions’ work and the fact that it has not sought a rate increase in many years, upon motion made by Director Solis, seconded by Director Barroso, and unanimously carried, the Board approved the increase as requested.

7. The Board considered a Resolution Affirming Identity Theft Prevention Program and confirmed with Ms. Magee and Mr. Homan that the program is in place and being properly administered. The Board asked several questions regarding the measures taken by the District to ensure that identity theft is minimized. After that discussion, upon motion made by Director Solis, seconded by Director Cangelose, and unanimously carried, the Board approved the Resolution as presented.

8. Mr. Rosenbaum and Ms. Shipley presented the engineer's report, a copy of which is attached hereto. Mr. Rosenbaum reported on the utility coordination meeting he attended with respect to the Texas Department of Transportation's widening of N. Eldridge Parkway. The Board also discussed the acquisition of easements for the lines being relocated.

Mr. Rosenbaum presented and recommended approval of a change order in the amount of \$3,000 from MK Painting, Inc. in connection with the recoating of Elevated Storage Tank No. 2.

After further review and discussion, upon motion made by Director Barroso, seconded by Director Solis, and unanimously carried, the Board approved the change order 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 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 reviewed the District's January financials with the Board.

Mr. Breeding reported that he continues to work on the District's automated meter project. He also intends to schedule a meeting with the Clear Lake Water Authority, who has utilized the meters being installed by the District for several years, to ask questions about their experience with the system.

Mr. Homan reported that the District has determined ownership of the tract adjacent to the property owned by Ms. Jennifer Simpson. He has spoken with Ms. Simpson about the District's plans to maintain the area, and the situation appears to be resolved.

Lastly, Mr. Homan discussed the upcoming meeting of the Water Users Coalition, which is scheduled for March 6, 2019.

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

11. Ms. Seipel then discussed the need to file the required annual report to the Texas Comptroller pursuant to Senate Bill 625. Upon motion made by Director Cangelose, seconded by Director Barroso, and unanimously carried, the Board authorized the attorney to file such report as required by law.

12. The Board considered items for the next agenda, including the First Amendment of Right of Entry and Possession with Magellan Pipeline Company, L.P.

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