

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61

Minutes of Meeting of Board of Directors

March 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, March 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; Ms. Jan Bartholomew, financial advisor for the District; 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. Ms. Bartholomew then presented an analysis of a proposed Series 2019 Refunding Bond issue. Ms. Bartholomew stated that, pursuant to the present condition of the bond market, the current present value savings of the refunding likely would be over 5%, which exceeds the 3% minimum savings needed to comply with City of Houston refunding ordinances. Ms. Bartholomew also stated that the transaction should provide the District with an overall savings of approximately \$420,000. After discussion, upon motion by Director Barroso, seconded by Director Solis, and unanimously carried, the Board authorized its consultants to proceed with preparation of documents necessary to carry out the refunding. The financial advisor asked that consideration of those documents be placed on the District’s April 17, 2019 agenda, and the attorney made note of such request. Ms. Bartholomew thanked the Board for their time and left the meeting.

3. Mr. Collins presented the tax assessor-collector’s report, a copy of which is attached hereto. The report showed a 93.05% 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 Cangelose, 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.

4. 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) \$186,854.40 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) \$75,103.24 for engineering associated with various projects. Upon motion made by Director Solis, seconded by Director Cangelose, and unanimously carried, the Board approved the fund manager's report as presented.

5. The Board considered the minutes for the meeting held on March 20, 2019. 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 46,572,000 gallons from its wells, with an average daily flow of 1,663,286 gallons. The ratio of water pumped to billed was 90% during the month.

At the wastewater treatment plants, the total combined treatment amounted to 65,579,000 gallons with an average daily flow from the plants of 2,342,107 gallons per day. There were 2.7 inches of rainfall during the month of February.

With respect to the distribution and collection system, 20 bacteriological samples were taken with no coliforms detected. The operator changed out 12 meters in the month of February and made no commercial or residential taps.

With respect to out-of-district water use, Emerald Forest Utility District used 154,000 gallons and Harris County MUD No. 248 used 8,806,000 gallons.

As for personnel matters, a safety meeting on health, wellness, and nutrition was held in March. A monthly safety meeting on combatting workplace fatigue will be held in April.

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

7. Mr. Rosenbaum and Ms. Shipley presented the engineer's report, a copy of which is attached hereto. Mr. Rosenbaum discussed the recent meeting that he, Mr. Homan, and Mr. Breeding had with the developer of a property located partly within the boundaries of the District and partly within the boundaries of Harris County Municipal Utility District No. 188. The engineer and Mr. Homan described the various proposals discussed with the developer, and the Board provided input. Mr. Rosenbaum and Mr. Homan told the Board that they would keep them apprised of any updates.

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

8. 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.

9. Mr. Homan, Ms. Magee, and Mr. Breeding presented the management report. Ms. Magee reviewed the District's February financials with the Board.

Ms. Magee reported that, at the request of the Board, she performed research with respect to the identify theft prevention measures utilized by the District to ensure that applicants for District service are who they say they are. She spoke with several operators of other municipal utility districts and learned that the District's identify theft prevention measures are in line with industry standards. Ms. Magee noted that the District could make the following changes to its procedures, both of which would gather additional information about the applicant: (i) request a tax identification number for commercial applicants and (ii) indicate on the District's internal documentation what form of identification was provided by applicants as part of their request for service. The Board agreed with the recommended changes.

Mr. Breeding reported that he continues to work on the District's automated meter project. He and Mr. Homan confirmed that they and several other District employees met with representatives for the Clear Lake Water Authority ("Clear Lake"), who has utilized the meters being installed by the District for several years. Mr. Homan and Mr. Breeding reported that they learned a lot about Clear Lake's experience with the system.

Mr. Homan reported that development in the District continues, and several new commercial taps are forthcoming.

Lastly, Mr. Homan reported that he and other District employees continue to monitor Magellan Pipeline Company, L.P.'s ("Magellan") construction efforts near and on District property.

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

10. Ms. Seipel reported that, although the District has yet to receive an executed copy of the First Amendment of Right of Entry and Possession from Magellan, their counsel has stated that Magellan has agreed to the District's proposed changes to the survey attached thereto. With the agreement having been previously approved subject to those changes, no further Board action was needed at this time.

11. The Board considered items for the next agenda, including the District's adoption of a water conservation plan and a drought contingency plan.

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

Secretary

Short Term Action Items

1. Water Conservation Plan
2. Drought Contingency Plan

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