

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61

Minutes of Meeting of Board of Directors

April 17, 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, April 17, 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; Mr. Adam Cohen, financial advisor for the District; Mr. Joseph Ellis, auditor 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. Under customer inquiries and input, Ms. Magee reported that the District had water disconnection day. There were 70 disconnections in the District and 11 disconnections in Harris County Municipal Utility District No. 248.

The Board also discussed a customer complaint regarding a high water bill. Ms. Magee confirmed that the bill was accurate.

2. The Board considered the minutes for the meeting held on April 10, 2019. Upon motion made by Director Barroso, seconded by Director Solis, and unanimously carried, the Board approved the minutes as presented.

3. Mr. Ellis of McCall Gibson Swedlund Barfoot, PLLC presented an audit of the District’s books and records for the fiscal year ended December 31, 2018. He stated that the District experienced another good year and his firm was issuing an unmodified opinion. Mr. Ellis reviewed the audit with the Board in detail. Director Kelley raised several questions regarding the accuracy of certain notes in the report, and Mr. Ellis confirmed that he would work with District representatives and consultants to confirm the information. Upon motion made by Director Cangelose, seconded by Director Solis, and carried, with Director Kelley voting in the negative, the Board approved the audit as presented, subject to finalization and approval by the attorney and District representatives, and authorized its filing as required by law.

4. Mr. Cohen then presented a financial analysis and plan of financing for a proposed 2019 refunding bond issue. At the recommendation of the financial advisor, upon motion made by Director Cangelose, seconded by Director Barroso, and unanimously carried, the Board approved SAMCO as the underwriter for the transaction.

Mr. Cohen then presented for the Board's review and approval a Preliminary Official Statement for the Series 2019 Refunding Bonds. The Board reviewed and considered approval of this document, as well as authorizing issuance of a notice of refunding. After review of the draft Preliminary Official Statement, upon motion duly made by Director Cangelose, seconded by Director Barroso, and unanimously carried, the Board approved the Preliminary Official Statement subject to further review and comment and the resolution authorizing the issuance and distribution of the Preliminary Official Statement and the provision of a notice of refunding.

The Board next reviewed a proposed bond order for the Series 2019 Refunding Bonds. The Bond Order establishes, among other things, the terms for sale of the bonds, the pledge of tax revenues for payment of the bonds, the tax exemption on interest on the bonds, and post-issuance compliance procedures to maintain the bonds' tax-exempt status. The order delegates authority to District officers and establishes the parameters under which the refunding bonds will be sold. To that extent, and in accordance with the analysis prepared by the District's financial advisor, the Board directed that the Bond Order reflect the following parameter: the minimum present value savings as a result of the issuance of the refunding bonds may not be less than 3%. The Bond Order should delegate to the District's general manager approval upon pricing and the authority to act on behalf of the District in the issuance, sale, and delivery of the Series 2019 Refunding Bonds, and to carry out all necessary acts and procedures including, but not limited to, entering into a bond purchase agreement, a paying agent/registrars agreement, and approving the Official Statement for the refunding bonds and any supplements thereto, with such officers to evidence their actions taken under such delegation of authority by execution of an Approval Certificate. After further review of the Bond Order, upon motion duly made by Director Cangelose, seconded by Director Barroso, and unanimously carried, the Board adopted the attached Bond Order for the Series 2019 Refunding Bonds.

Further, upon motion made by Director Cangelose, seconded by Director Barroso, and unanimously carried, the Board authorized all actions and execution of documents necessary for the issuance, approval and delivery of the bonds, and adopted the attached Order Authorizing Actions for Issuance, Approval and Delivery of the Series 2019 Refunding Bonds. Mr. Cohen thanked the Board for their time and left the meeting.

5. Mr. Rosenbaum next presented the engineer's report, a copy of which is attached hereto. The engineer reviewed a letter sent from his office in connection with the annexation of the property located at 11003 Jones Road. Upon motion made by Director Solis, seconded by Director Cangelose, and unanimously carried, the Board approved the engineer's report as presented.

6. 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.

7. Mr. Homan, Mr. Breeding, and Ms. Magee presented the management report. Mr. Breeding stated that he continues to work on the District's automated meter project.

Mr. Breeding also confirmed that the District's water conservation and drought contingency plans have been filed with the appropriate agencies.

The Board discussed the Jones Road superfund site, which is located outside the District's boundaries. The Board considered whether the District should include certain information relating to the situation on its Consumer Confidence Report. The Board decided to further consider the matter.

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

8. The Board lastly considered items for the next Board meeting, including discussion of annexation of the tract located at 11220 F.M. 1960.

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

Secretary

Short Term Action Items

1. Discuss Annexation of Tract at 11220 F.M. 1960

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