

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61

Minutes of Meeting of Board of Directors

April 24, 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, April 24, 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 Mr. Josh Rendon.

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 93.68% 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 Kelley, 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) \$133,491.60 to King Solution Services, LLC for their work in connection with phases 4 and 5 of the District’s sanitary sewer rehabilitation project, (ii) \$117,450.00 to M.K. Painting for their work in connection with the recoating of elevated storage tank no. 2, and (iii) \$53,897.20 for engineering associated with various projects. Upon motion made by Director Barroso, seconded by Director Kelley, and unanimously carried, the Board approved the fund manager’s report as presented.

4. The Board considered the minutes for the meeting held on April 17, 2019. Upon motion made by Director Cangelose, seconded by Director Barroso, 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 55,520,000 gallons from its wells, with an average daily flow of 1,790,968 gallons. The ratio of water pumped to billed was 84% during the month. Mr. Homan and Mr. Breeding confirmed that they were working to identify the source causing the decrease in the pumped to billed ratio.

At the wastewater treatment plants, the total combined treatment amounted to 69,355,000 gallons with an average daily flow from the plants of 2,237,258 gallons per day. There were 0.8 inches of rainfall during the month of March.

With respect to the distribution and collection system, 20 bacteriological samples were taken with no coliforms detected. The operator changed out five meters in the month of March and made one commercial tap.

With respect to out-of-district water use, Emerald Forest Utility District used 172,000 gallons and Harris County MUD No. 248 used 10,582,000 gallons.

As for personnel matters, a safety meeting on combatting workplace fatigue was held in April. A safety meeting on jobsite awareness and emergency responses is scheduled for May. Director Kelley noted that the District's telephone system shows that all calls initiated by it show the District's office location as the point of origin. Director Kelley then stated that the upcoming safety meeting may be an opportune time to remind District employees to provide their exact location if making an emergency phone call from one of the District's plants or other facilities outside of the District's administration building. Mr. Homan and the Board agreed that that was an important point and confirmed that it will be mentioned at the May safety meeting.

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

6. Mr. Rosenbaum and Ms. Shipley presented the engineer's report, a copy of which is attached hereto. Mr. Rosenbaum reported that his office has asked for the autocad files from the Texas Department of Transportation so that the District can continue its efforts to relocate facilities necessitated by the expansion of N. Eldridge Parkway at F.M. 1960.

Mr. Rosenbaum also reported that the preconstruction meeting for the televising work needed in connection with phase 6 of the District's sanitary sewer rehabilitation project is scheduled for May 1, 2019.

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.

7. The Board then considered the utility commitment and request for annexation for the tract located at 11220 F.M. 1960. Mr. Rendon gave a presentation regarding

the proposed development of the tract as a commercial and retail space, and the engineer confirmed that the District had the capacity to serve it. After that discussion, upon motion by Director Solis, seconded by Director Barroso, and unanimously carried, the Board approved the utility commitment and request for annexation 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 March financials with the Board.

Ms. Magee also reviewed the write-off list with the Board. Upon motion made by Director Barroso, seconded by Director Kelley, and unanimously carried, the Board approved the write-off list as presented. In connection with this discussion, Mr. Homan discussed raising the District's deposit for service in order to cover rising water bills. He informed the Board that he would bring additional information for their consideration in the coming months.

Mr. Breeding reported that he continues to review the District's audit, including the page referencing the District's participation on the TCDRS retirement program. Mr. Homan, Mr. Breeding, and the Board reviewed documents relating to the TCDRS in connection with this discussion.

Lastly, Mr. Homan reported that the District's shrimp boil is scheduled for May 9, 2019.

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

10. Ms. Seipel discussed the continuing disclosure filing with regard to the District's bonds. Pursuant to Bond Orders previously adopted, the District is required to annually update certain material information, including the audit, that might be of interest to District bondholders. Upon motion made by Director Cangelose, seconded by Director Barroso, and unanimously approved, the Board authorized filing the requisite continuing disclosures.

11. The Board reviewed the Resolution Affirming Review of Investment Policy, Strategies, and Objectives, a copy of which is attached hereto. Ms. Seipel noted that, as required by the Public Funds Investment Act, the Board annually must review and either amend or affirm its investment policy. The District's investment officers confirmed that the policy currently in place is working and recommended that it be affirmed. Upon motion made by Director Solis, seconded by Director Cangelose, and unanimously carried, the Board approved the Resolution Affirming Review of Investment Policy, Strategies, and Objectives as presented.

12. The Board discussed the required review of the District's investments in compliance with Senate Bill 253. She confirmed that the District's bookkeeper and others have reviewed the list promulgated by the Comptroller and monitor it periodically to ensure compliance with Senate Bill 253.

13. Ms. Seipel discussed the requirement that an annual financial statement be filed with the comptroller pursuant to Chapter 140 of the Local Government Code. Upon motion made by Director Barroso, seconded by Director Solis, and unanimously approved, the Board authorized filing the audit as required by law.

14. Ms. Seipel then provided a brief update on the status of litigation with Magellan Pipeline Company, L.P.

15. 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