

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61

Minutes of Meeting of Board of Directors

March 11, 2020

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, March 11, 2020 in accordance with the duly posted notice of the meeting, with a quorum of Directors present, as follows:

Ben A. Solis, President
Darrell A. Barroso, Vice President
Lary J. Cangelose, Secretary
Mike Kelley, Assistant Secretary
Jon Morgan, 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; Ms. Kim Courte with Arthur J. Gallagher; 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. Under customer inquiries and input, Mr. Homan reported that the District has received a few phone calls from customers with questions about the locks on the new meter boxes, which were installed to protect the automated meters being installed throughout the District. After some discussion, the Board agreed with the policy of including locks on the new meter boxes and thanked Mr. Homan for bringing the issue to their attention.

2. Ms. Courte approached the Board regarding the renewal of the District’s insurance. She reviewed the District’s policy coverages, noting that their premium is increasing only 2.05% over last year’s premium, and answered questions regarding the possible addition of earth movement coverage. After some discussion, the Board elected not to add that coverage. After further discussion, upon motion made by Director Cangelose, seconded by Director Barroso, and unanimously carried, the Board approved renewal of the District’s insurance per the proposal presented.

3. The Board then considered the minutes for the meeting held on February 26, 2020. Upon motion made by Director Cangelose, seconded by Director Kelley, and unanimously carried, the Board approved the minutes as presented.

4. Mr. Rosenbaum then presented the engineer’s report, a copy of which is attached hereto. He reported that pre-bid meetings are scheduled for March 19, 2020 on the

Wortham Falls detention pond improvements project and phases 7 and 9 of the ongoing sanitary sewer rehabilitation project. Bids for these projects will be received on March 24, 2020, and the District will award bids at their March 25, 2020 meeting.

Ms. Seipel also reported that appraisal of the easements needed by the District in connection with the expansion of N. Eldridge Parkway is in the process, and initial offer letters will go out once the appraisals are received.

After discussion, upon motion made by Director Kelley, seconded by Director Barroso, and unanimously carried, the Board approved the engineer's report as presented.

5. The Board considered payment of the general fund bills. After review, upon motion made by Director Morgan, seconded by Director Cangelose, and unanimously carried, the Board approved payment of the general fund bills as presented.

6. The Board considered a Resolution Authorizing Use of Surplus Funds to pay for costs associated with the water main break at N. Eldridge Parkway and Foxburo Drive. After some discussion, upon motion made by Director Barroso, seconded by Director Cangelose, and unanimously carried, the Board approved the resolution as presented.

7. The Board considered an Out-of-District Service Agreement with Harris County Municipal Utility District No. 188 ("MUD No. 188"). Ms. Seipel explained that, under this agreement, MUD No. 188 will provide wastewater service to building 3 of the Northwest Crossing Industrial Park, which is located within the boundaries of the District, so that the developer does not have to construct a lift station. The District will continue to provide water to that building. After a brief discussion, upon motion made by Director Kelley, seconded by Director Cangelose, and unanimously carried, the Board approved the agreement as presented.

8. Ms. Magee, Mr. Homan, and Mr. Breeding presented the management report. Ms. Magee presented the December SPA check from the City of Houston in the amount of \$117,863.20.

Mr. Breeding stated he continues to work on various development, reporting, and other matters.

Mr. Homan brought to the Board's attention an accounting error that had resulted in the overpayment of certain staff for their unused sick time, which amounted to \$6,315.43. Mr. Homan confirmed that the procedures in place to monitor these kinds of matters worked and that the error was caught. He also confirmed that the error has been corrected going forward. After some discussion, the Board decided not to pursue the amounts overpaid to its employees.

Mr. Homan then presented an electricity proposal for the 2027-2030 term that would result in an approximate \$120,000 savings to the District. After discussion, upon motion made by Director Cangelose, seconded by Director Barroso, and unanimously carried, the Board approved the electricity agreement as presented.

Lastly, Mr. Homan reviewed with the Board information from the District's financial advisor regarding the sale of up to \$15,000,000 in bonds to fund upcoming District

projects. According to the financial advisor's conservative calculations, the District could sell up to this amount of bonds and still continue to lower their tax rate. The Board expressed their approval of the idea, noting that the District has had a tradition of being proactive in the maintenance and rehabilitation of their facilities.

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

9. The Board discussed the North Harris County Regional Water Authority (the "Authority"). Several directors attended the last meeting of the Authority, at which they discussed the status of several projects.

10. With regard to the Water Users Coalition, Mr. Homan stated that the meeting this month was well-attended and productive.

11. The Board lastly considered items for the next Board meeting, including authorization of the District's engineer to prepare a bond application.

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

Secretary

Short Term Action Items

1. Authorize Engineer to Prepare Bond Application

Long Term Action Items

1. 222 Rate Analysis for Wastewater Usage
2. Trunk Line Repair - Complete; Discussion of Costs with MUD 222 and MUD 248