

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61

Minutes of Meeting of Board of Directors

April 22, 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, April 22, 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; Ms. Pam Magee, office manager for the District; Mr. Bill Rosenbaum and Ms. Kelly Shipley, engineers for the District; Mr. Joseph Ellis, auditor 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. Magee presented the tax assessor-collector’s report, a copy of which is attached hereto. The report showed a 95.47% collection rate for the 2019 tax year, with all other tax years being 99% collected or better. After further review of the report, upon motion made by Director Barroso, seconded by Director Morgan, 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. Ms. Magee then presented the fund manager’s report, a copy of which is attached hereto. The report showed checks in the amount of (i) \$58,195.76 and \$82,362.22 to Core and Main, L.P., (ii) \$60,057.00 to Pardalis Industrial Enterprises, Inc., (iii) \$1,500.00 to Texas American Title Co., and (iv) \$69,003.90 for engineering services. After discussion, upon motion made by Director Barroso, seconded by Director Cangelose, and unanimously carried, the Board approved the fund manager’s report and the checks listed thereon.
4. 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, 2019. 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.

5. The Board then considered the minutes for the meeting held on April 8, 2020. Ms. Seipel noted that a change needed be made to reflect a discrepancy in the amount of the pay application presented with regard to Pardalis Industrial Enterprises, Inc. Upon motion made by Director Barroso, seconded by Director Cangelose, and unanimously carried, the Board approved the minutes as amended.

6. Mr. Breeding presented the operations report, a copy of which is attached hereto. With respect to water production, the District pumped 55,047,000 gallons from its wells, with an average daily flow of 1,775,710 gallons. The ratio of water pumped to billed was 82% during the month.

At the wastewater treatment plants, the total combined treatment amounted to 73,809,000 gallons with an average daily flow from the plants of 2,380,935 gallons per day. There were 2.3 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 448 meters in the month of March and made no residential or commercial taps.

With respect to out-of-district water use, Emerald Forest Utility District used 253,000 gallons and Harris County MUD No. 248 used 9,736,000 gallons.

As for personnel matters, a safety meeting on personal protection equipment is scheduled for May.

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

7. Mr. Rosenbaum then presented the engineer's report, a copy of which is attached hereto. With regard phases 7 and 9 of the District's sanitary sewer rehabilitation project, the engineer reported that the contractor is scheduled to begin construction soon.

The engineer reported his office is studying the North Harris County Regional Water Authority's (the "Authority") water distribution route for providing surface water to the District. He stated that the route, as currently designed, does not connect to all of the District's ground storage tanks.

After further review and discussion, upon motion made by Director Kelley, seconded by Director Cangelose, and unanimously carried, the Board approved the 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 and Ms. Magee presented the management report. Ms. Magee reviewed the District's March financials with the Board.

Mr. Homan then provided the Board with an update on the status of District's business operations and all the steps that the District has been taking to create a safe environment for its employees and customers amidst the coronavirus/COVID-19 pandemic. The Board expressed their satisfaction with the District's handling of the situation.

Mr. Homan also noted that construction and development throughout the District is continuing.

Mr. Homan then noted that the Authority, after receiving comments from Director Kelley, the Water Users Coalition, and others, agreed to postpone their April 1 rate increase until July 1, 2020.

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

10. The Board then considered an Order Adding at Total of 11.2560 Acres of Land and Redefining District Boundaries, which authorizes annexation of the properties located at 11003 Jones Road, 11220 F.M. 1960 W., and 11107 Jones Road. Upon motion made by Director Kelley, seconded by Director Cangelose, the Board approved the Order as presented.

11. Thereafter, the Board considered an Amendment to Statement of Directors to reflect the change in the District's boundaries. Upon motion made by Director Morgan, seconded by Director Barroso, and unanimously carried, the Board approved the amendment as discussed.

12. The Board considered items for the next agenda.

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
3. Trunk Line Repair - Complete; Discussion of Costs with MUD 222 and MUD 248