

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61

Minutes of Meeting of Board of Directors

June 10, 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, June 10, 2020 in accordance with the duly posted notice of the meeting, with a quorum of Directors present, as follows:

Darrell A. Barroso, President
Lary J. Cangelose, Vice President
Mike Kelley, Secretary
Jon Morgan, Assistant Secretary
Ben A. Solis, 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; 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. Breeding reported that there was a water main break at Huffmeister Road near the Holiday Inn that had resulted in some water coloration complaints from a few nearby residents. Mr. Breeding noted that the line is being repaired and the customers have been updated on the situation.

2. The Board then considered the minutes for the meeting held on May 27, 2020. Upon motion made by Director Solis, seconded by Director Cangelose, and unanimously carried, the Board approved the minutes as presented.

3. Mr. Rosenbaum then presented the engineer’s report, a copy of which is attached hereto. He presented and recommended approval of Pay Application No. 3 in the amount of \$87,088.50 to Pardalis Industrial Enterprises, Inc. for their work in connection with recoating water plant no. 3. Upon motion made by Director Kelley, seconded by Director Cangelose, and unanimously carried, the Board approved the pay application as presented.

The engineer then presented and recommended approval of Pay Application No. 1 and Final to the District in the amount of \$16,600.73 for work that it performed and paid out of its operating account. Upon motion made by Director Cangelose, seconded by Director Solis, and unanimously carried, the Board approved the pay application as presented.

The engineer also presented Pay Application No. 1 from Scott Sitework, LLC in the amount of \$81,424.64 for their work in connection with the Wortham Falls detention pond improvements. Upon motion made by Director Solis, seconded by Director Cangelose, and unanimously carried, the Board approved the pay application as presented.

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

4. 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.

5. Ms. Seipel presented the Wastewater Treatment Agreement with Harris County Municipal Utility District No. ("MUD No. 248"). Ms. Seipel provided some background on the current wastewater treatment arrangement between the parties, stating that the District and MUD No. 248 currently are operating under an old agreement that has several amendments and letter agreements thereto. When MUD No. 248 approached the Board last year with a request for additional connections, Mr. Homan and Mr. Breeding thought it was the right time to draft a new agreement that more accurately reflects the intended arrangement between the parties and addresses anticipated issues, such as the need to expand the District's wastewater treatment facilities to support additional development in MUD No. 248. Ms. Seipel then reviewed in some detail the specific provisions of the proposed agreement, including changes to rate structures and other material terms. The Board asked a few questions that Mr. Homan and Ms. Seipel then answered. After some discussion, upon motion made by Director Solis, seconded by Director Cangelose, and unanimously carried, the Board approved the agreement as presented and expressed their satisfaction regarding the handling of the matter.

6. Ms. Magee, Mr. Homan, and Mr. Breeding presented the management report. Ms. Magee noted that the District has yet to receive an SPA check from the City of Houston this month, putting them at least one month behind.

Mr. Homan and the Board also discussed the District's billing collections rate. Mr. Homan stated that the collection rate continues to be steady. The Board discussed whether to perform water disconnections this month. Upon motion made by Director Kelley, seconded by Director Solis, and unanimously carried, the Board voted to not perform disconnects for the month of June.

Mr. Homan mentioned that Ms. Kathy Schyma, the Board's former tax assessor-collector, was going to be working for the District on a temporary basis to assist with tax matters.

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

7. Mr. Breeding presented the 2020 Consumer Confidence Report, which has been published on the District's website as required by law. The Board expressed their approval of the report as presented.

8. Ms. Seipel confirmed that her firm has compiled and submitted to CenterPoint Energy the information required to comply with the emergency operations critical load status for District facilities. This will register with CenterPoint Energy and other emergency operations agencies the District's critical water and wastewater infrastructure, and those facilities will be given priority for restoring service after a hurricane or other disaster.

9. The Board discussed the ethics letter and update by Investment Officers Jerry Homan, Brian Breeding, and Pam Magee. The attorney noted that annually the Investment Officers are required to disclose whether they have any personal business relationships with any entities seeking to sell an investment to the District. The Investment Officers indicated that they have no such relationships. The attorney confirmed the disclosures would be filed with the Texas Ethics Commission as required by law.

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 Solis, seconded by Director Cangelose, and unanimously approved, the Board authorized filing the requisite continuing disclosures.

11. The Board discussed the North Harris County Regional Water Authority (the "Authority"). Several directors participated in the last meeting of the Authority, at which the Authority experienced some technical difficulties.

12. With regard to the Water Users Coalition, Mr. Homan stated there was nothing new to report.

13. The Board lastly considered items for the next Board meeting, including a discussion on the Open Meetings Act.

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

Secretary

Short Term Action Items

1. Open Meetings Act and Ethics Discussion

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