

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61

Minutes of Meeting of Board of Directors
September 23, 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, September 23, 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. Samuel Meza, operations manager for the District; Mr. Bill Rosenbaum and Ms. Kelly Shipley, engineers for the District; Mr. Bob Ideus, bookkeeper for the District; Ms. Jan Bartholomew, financial advisor 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. The Board first recognized Jan Bartholomew who presented a Preliminary Official Statement and Official Notice of Sale for the District’s \$15,000,000 Unlimited Tax Bonds, Series 2020. Ms. Bartholomew described the document, which serves as a disclosure document which describes the District and development in the District as well as financial information about the District. The document provides information that an investor would want in making an informed decision as to the purchase of the bonds. When the Preliminary Official Statement has been completed, it will be distributed electronically to companies that bid on bonds.

Ms. Bartholomew then described the text of the Preliminary Official Statement and noted sections that describe the District and its facilities, the projects that are being financed with the bonds, investment considerations and risk factors associated with the bonds, the legal terms of the bonds, tax procedures that will provide funds for payment of the bonds and provisions for continuing disclosure of information about the District following delivery of the bonds. There was discussion, and it was mentioned that the District will schedule a sale of the bonds on Wednesday, October 21, 2020 at 1:00 p.m.

After further review and discussion, upon motion made by Director Cangelose, seconded by Director Solis, the Board voted unanimously to approve the Notice of Sale and publication thereof and the Resolution Authorizing Issuance and Distribution of Preliminary Official Statement, subject to final comments.

3. Ms. Magee presented the tax assessor-collector's report, a copy of which is attached hereto. The report showed a 94.83% collection rate for the 2019 tax year, with all other tax years being 99% collected or better. The Board asked several questions regarding figures contained in the report.

The Board considered a request for waiver of penalties and interest with respect to a late tax payment on the property located at 11926 Osage Park Drive. After some discussion, the Board took no action with respect to the request.

After further review of the report, upon motion made by Director Solis, seconded by Director Cangelose, 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 subject to clarification of some of the figures set forth therein.

4. 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) \$97,838.23 to Core & Main LP, (ii) \$121,337.06 to King Solutions Services, (iii) \$75,000.00 to Whitney & Associates, (iv) \$57,214.39 for engineering services, (v) \$3,389.00 to Smith, Murdaugh, Little & Bonham, L.L.P, and (vi) \$3,006.66 to Software Solutions. After discussion, upon motion made by Director Solis, seconded by Director Cangelose, and unanimously carried, the Board approved the fund manager's report and the checks listed thereon.

5. The Board then considered the minutes for the meeting held on August 19, 2020. After discussion, upon motion made by Director Kelley, seconded by Director Morgan, and unanimously carried, the Board approved the minutes as presented.

6. Mr. Meza presented the operations report, a copy of which is attached hereto. With respect to water production, the District pumped 71,939,000 gallons from its wells, with an average daily flow of 2,320,613 gallons. The ratio of water pumped to billed was 88% during the month.

At the wastewater treatment plants, the total combined treatment amounted to 81,983,000 gallons with an average daily flow from the plants of 2,644,613 gallons per day. There were 3.3 inches of rainfall during the month of August.

With respect to the distribution and collection system, 20 bacteriological samples were taken with no coliforms detected. The operator changed out 17 meters in the month of August and made one commercial tap.

With respect to out-of-district water use, Emerald Forest Utility District used 106,000 gallons and Harris County MUD No. 248 ("MUD No. 248") used 12,766,000 gallons.

As for personnel matters, a safety meeting on treatment plant safety is scheduled for October.

Mr. Homan also noted that the District's wastewater treatment facilities fared well during recent storms, despite a clarifier being down.

Mr. Homan discussed the water line leak at Foxburo and N. Eldridge Parkway, noting that the District is still working to resolve the repair but that recent storms have delayed those efforts.

After review, upon motion made by Director Kelley, seconded by Director Solis, 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. He provided an update on the status of the reimbursement agreement for the relocation of water and sanitary sewer lines necessitated by the Texas Department of Transportation's ("TxDOT") expansion of N. Eldridge Parkway and F.M. 1960 W. Ms. Seipel stated that she and the engineers recently had a phone call with representatives with TxDOT, whereby TxDOT was attempting to limit the full reimbursement owed to the District with some of the language included in TxDOT's proposed reimbursement agreement. She confirmed that the District has proposed modifications to such language, which are being reviewed by the legal department for TxDOT.

Mr. Rosenbaum then noted that his office is monitoring a supplier's lien that has been filed against King Solutions Services, Inc. with regard to their work on phases 7 and 9 of the District's sanitary sewer rehabilitation project.

The engineer also noted that his office is confirming whether the drainage project constructed by Harris County and Harris County Flood Control District has been completed such that the District should pay an invoice submitted by those entities for the District's portion of the project as set forth under an interlocal agreement between the parties.

Mr. Rosenbaum confirmed that the recent Resolution Authorizing Emergency Repairs that was adopted by the District was sent by his office to the Texas Commission on Environmental Quality, as required by law.

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

9. Mr. Homan, Mr. Breeding, and Ms. Magee presented the management report. Ms. Magee reviewed the District's August financials with the Board.

Mr. Homan then noted that Mr. Tim Cross, a representative for the Texas County and District Retirement System (“TCDRS”) will appear via WebEx at the District’s October 14, 2020 meeting to provide updates on the District’s participation in the retirement program. Mr. Homan asked that the Board submit any questions that they have regarding the program to him in advance of the meeting, so that the representative is prepared to answer them at the meeting.

Mr. Breeding noted that the developer of the property at 11003 Jones Road is ready to begin construction would like to renew his utility commitment letter. The Board asked that the matter be placed on the next agenda.

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

10. At 6:50 p.m., the Board entered executive session to discuss the District’s pending litigation against Magellan Pipeline Company, LP et al. At 7:18 p.m., the Board exited executive session and authorized their attorneys to file an appeal and engage an appellate expert to assist in such process.

11. The Board considered items for the next agenda, including the District’s 2020 tax rate hearing, discussion of the TCDRS, and a utility commitment letter for 11003 Jones Road.

Secretary

Short Term Action Items

1. 2020 Tax Rate Hearing
2. Discussion of TCDRS
3. Utility Commitment for 11003 Jones Road

Long Term Action Items

1. Contract Negotiations with Various Entities Served by the District
2. Plans for use of SPA Funds