

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61

Minutes of Meeting of Board of Directors

January 27, 2021

The Board of Directors (“Board”) of Harris County Fresh Water Supply District No. 61 (“District”) met on Wednesday, January 27, 2021 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; Ms. Norma Hernandez, employee for the District; Mr. Bill Rosenbaum and Ms. Kelly Shipley, engineers for the District; Mr. Bob Ideus, bookkeeper 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. Hernandez presented the tax assessor-collector’s report, a copy of which is attached hereto. The report showed a 26.87% collection rate for the 2020 tax year, with all other tax years excluding 2020 being 99% collected or better. Mr. Homan also noted the recent efforts by Ms. Hernandez and another District employee to confirm that the District’s list of operational businesses within its boundaries is up to date and accurate. Doing so ensures that the District receives the money to which it is entitled under its Strategic Partnership Agreement with the City of Houston. After further review of the report, upon motion made by Director Cangelose, 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. The Board considered tax exemptions for the 2021 tax year. The Board reviewed the attached Order Adopting Residence Homestead Exemption for Persons 65 or Older or Disabled. In prior years, the District has provided an exemption of \$25,000 for homesteads for persons 65 or older or disabled and can continue such exemption with adoption of this Order. The Board also considered the attached Order Adopting Homestead Exemption. In prior years, the District has provided an exemption of 20% on residential homesteads and can continue such exemption with adoption of this Order. Upon motion duly made by Director Cangelose,

seconded by Director Solis, and unanimously carried, the Board approved the attached Order Adopting Residence Homestead Exemption for Persons 65 or Older or Disabled and Order Adopting Homestead Exemption as presented. In connection with that discussion, Director Barroso asked several questions regarding tax liens placed on properties with delinquent taxes. Ms. Seipel explained the process through which the District's delinquent tax attorneys collect delinquent taxes owed, including, if necessary, placing a tax lien on a property by obtaining a judgment in court. Ms. Seipel noted that, in most circumstances, the lien will remain attached to the property until it is sold, at which point the District will be paid all amounts owed to it.

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) \$248,979.19 to King Solutions Services, Inc., (ii) \$33,101.20 to Core & Main, (iii) \$919.98 to the District, (iv) \$125,876.95 for engineering services, (v) \$24,697.94 to the court reporter for Harris County Civil Court at Law No. 3, and (vi) \$28,773.45 to Smith, Murdaugh, Little & Bonham, L.L.P. 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 January 20, 2021. After discussion, upon motion made by Director Solis, 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 52,105,000 gallons from its wells, with an average daily flow of 1,680,806 gallons. The ratio of water pumped to billed was 101% during the month.

At the wastewater treatment plants, the total combined treatment amounted to 81,879,000 gallons with an average daily flow from the plants of 2,641,258 gallons per day. There were 6.6 inches of rainfall during the month of January.

With respect to the distribution and collection system, 20 bacteriological samples were taken with no coliforms detected. The operator changed out 14 meters in the month of December and made no residential or commercial taps.

With respect to out-of-district water use, Emerald Forest Utility District used 306,000 gallons and Harris County MUD No. 248 used 9,582,000 gallons.

As for personnel matters, a meeting on chemical safety is scheduled for February.

After review, upon motion made by Director Solis, seconded by Director Cangelose, 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 discussed the status of the relocation of the District's water and sanitary sewer lines at the corner of N. Eldridge Parkway and F.M. 1960. Mr. Homan and Ms. Seipel provided updates on the status of negotiations with the Texas Department of Transportation, which is responsible for covering a large portion of the District's costs associated with the relocation of these lines, and the Texas Attorney General regarding same.

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 Solis, seconded by Director Morgan, 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 fiscal year end financials with the Board.

Mr. Breeding then reported that he continues to monitor the progress being made by King Solutions Services, Inc. on phases 7 and 9 of the District's sanitary sewer rehabilitation project.

Mr. Breeding also noted that the District is now operating under a new electricity contract, which is resulting in a significant savings to the District.

Mr. Homan provided updates on various matters, including updates on legislation that has been or will be presented during the current legislative session by certain legislators on behalf of the Association of Water Board Directors. That legislation relates to requirements that special purpose districts have websites, among other things. Director Kelley provided the Board with information about hearings being held by the Texas Commission on Environmental Quality, which he has been watching.

Lastly, the Board discussed the measures being taken by the District to ensure that its employees continued to work in a safe manner amidst the ongoing COVID-19 pandemic. Mr. Homan provided a great deal of information regarding the policies in place and their efficacy thus far. At the end of that discussion, the Board took no action.

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

10. The Board considered items for the next agenda, including the renewal of a utility commitment letter previously issued for Plaza North Eldridge, LLC.

Secretary

Short Term Action Items

1. Renewal of Utility Commitment Letter for Plaza North Eldridge, LLC

Long Term Action Items

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