

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61

Minutes of Meeting of Board of Directors

February 24, 2021

The Board of Directors (“Board”) of Harris County Fresh Water Supply District No. 61 (“District”) met on Wednesday, February 24, 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 Catherman, employee for the District; Mr. Bill Rosenbaum and Ms. Kelly Shipley, engineers for the District; Mr. Bob Ideus, bookkeeper for the District; Ms. Kim Courte, insurance broker for the District; and Ms. Jennifer B. Seipel, attorney for the District. Also present was Mr. Doug Brown, a District resident.

The President called the meeting to order and declared it open for such business as might regularly come before it.

1. Under customer input and inquiries, the Board discussed the fact that the District’s meter boxes have locks on them, which presented some issues for customers who attempted to turn off water to their residence at the meter. The Board discussed the reasons for installing such locks on the meter boxes, noting that the District has invested a large sum of money in its new automated meters and that such locks are to protect that investment. Mr. Brown offered some commentary on the matter. After discussion, the Board elected to further ponder the matter and requested that it be placed on the next agenda for action.

2. Ms. Catherman presented the tax assessor-collector’s report, a copy of which is attached hereto. The report showed a 65.07% collection rate for the 2020 tax year, with all other tax years excluding 2020 being 99% collected or better. 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.

3. The Board then considered the attached Order Levying Additional Penalty for Delinquent Taxes. The Order levies a 20% penalty on 2020 delinquent taxes for real property on July 1, 2021. The attorney noted that the penalty goes to pay the District’s

delinquent tax attorneys for their collection efforts. After review, upon motion made by Director Solis, seconded by Director Morgan, and unanimously carried, the Board adopted the Order as presented.

4. 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 3.0% over last year's premium, and answered questions regarding the possible addition of additional cybersecurity coverage for a cost of \$465.00. After discussion, and in light of recent statistics released by the F.B.I. regarding an uptick in cybercrime, the Board elected to add that coverage. After further discussion, upon motion made by Director Kelley, seconded by Director Cangelose, and unanimously carried, the Board approved renewal of the District's insurance per the proposal presented.

5. 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) \$175,238.55 to King Solutions Services, Inc., (ii) \$18,615.00 to Core & Main, (iii) \$447,383.36 in its interest-only payment on the District's outstanding bonds, (iv) \$47,733.15 for engineering services, (v) \$1,158.50 to Easy-Serve, LLC for process server services, (vi) \$37,603.35 to Smith, Murdaugh, Little & Bonham, L.L.P., and (v) \$17,162.00 to Alexander, Debose & Jefferson, LLP. The Board also authorized the transfer of \$400,000 from the District's SPA fund to the N. Eldridge Parkway account to cover expenses to be reimbursed by the Texas Department of Transportation in connection with the District's pending litigation against them. After discussion, upon motion made, seconded, and unanimously carried, the Board approved the fund manager's report and the checks listed thereon.

6. Mr. Breeding then presented a demonstration on the capabilities of the WaterSmart software that may be used by District customers in connection with their new automated meters. The Board expressed their satisfaction with such software. Mr. Homan noted that he and Mr. Breeding would be bringing to the Board for their consideration at a future meeting, proposals regarding the different software packages available for purchase.

7. The Board then considered the minutes for the meeting held on February 10, 2021. After discussion, upon motion made by Director Solis, seconded by Director Kelley, and unanimously carried, the Board approved the minutes as presented.

8. Mr. Meza presented the operations report, a copy of which is attached hereto. With respect to water production, the District pumped 51,878,000 gallons from its wells, with an average daily flow of 1,673,484 gallons. The ratio of water pumped to billed was 92% during the month.

At the wastewater treatment plants, the total combined treatment amounted to 80,714,000 gallons with an average daily flow from the plants of 2,603,677 gallons per day. There were 3.0 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.

With respect to out-of-district water use, Emerald Forest Utility District used 1,121,000 gallons and Harris County MUD No. 248 used 9,251,000 gallons.

As for personnel matters, a meeting on insects, snakes, and animal bites is scheduled for March.

The Board then discussed the District's great success in managing its facilities during winter storm Uri. Mr. Homan noted that all 11 District generators functioned properly, and no boil water notice was required to be issued. The Board thanked Mr. Homan and his team for their efforts.

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

9. In connection with the operator's report, the attorney noted that the District is required to review the FTC identity theft red flag program on an annual basis. Ms. Magee and Mr. Homan recommended that no changes be made to the program. Accordingly, upon motion made by Director Cangelose, seconded by Director Solis, and unanimously carried, the Board voted to adopt the attached Resolution Affirming Identity Theft Prevention Program.

10. Mr. Rosenbaum then presented the engineer's report, a copy of which is attached hereto. He presented for approval and recommended payment of Pay Application No. 7 in the amount of \$175,238.55 to King Solutions Services, LLC for their work in connection with Phases 7 and 9 of the District's sanitary sewer rehabilitation project. Upon motion made by Director Cangelose, seconded by Director Solis, and unanimously carried, the Board approved the pay application as presented.

Mr. Rosenbaum also noted that his office continues to work on permit renewals for the Barwood and Hastings Green wastewater treatment plants.

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

11. 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 Morgan, seconded by Director Cangelose, and unanimously carried, the Board approved payment of the general fund bills as presented.

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

Ms. Magee noted that she will register the directors for the summer conference of the Association of Water Board Directors in San Antonio.

The Board then discussed the effect that winter storm Uri may have on the District's customers' water bills. After some discussion, the Board elected to suspend water terminations for the time being.

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

13. Ms. Seipel confirmed that her office was preparing the required annual report to the Texas Comptroller pursuant to Senate Bill 625.

14. The Board considered items for the next agenda, including discussion of locks on the meter boxes and proposals for the WaterSmart software.

Secretary

Short Term Action Items

1. Consider Locks on Meter Boxes
2. Proposals for WaterSmart Software

Long Term Action Items

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