

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61

Minutes of Meeting of Board of Directors
September 28, 2022

The Board of Directors (“Board”) of Harris County Fresh Water Supply District No. 61 (“District”) met on Wednesday, September 28, 2022 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

and the following were absent:

Ben A. Solis, Treasurer

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; Ms. Norma Catherman, tax assessor-collector for the District; Mr. Samuel Meza, operations manager for the District; Mr. David Wood, the District’s financial advisor; Mr. Bill Rosenbaum, P.E., engineer for the District; Mr. Bill Russell, bookkeeper for the District; Mr. Scott Gray, representative for Champions Hydro-Lawn; 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. Catherman presented the tax assessor-collector’s report, a copy of which is attached hereto. The report showed an 96.20% collection rate for the 2021 tax year, with most other tax years being 99% collected or better. After further review of the report, upon motion made by Director Kelley, 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 discussed the District’s 2022 tax rate. Mr. Wood reviewed the District’s financials with the Board and recommended that, in light of the District’s current financial position and its projected upcoming projects, the Board levy a debt service tax of \$0.28 per \$100 assessed valuation. The financial advisor reviewed the cash flow that would result from such rate in light of increases in value experienced in the District. The Board discussed in some detail the District’s determination regarding the type of district it is for purposes of Chapter 49 of the Texas Water Code, and after doing so, determined that it was a developed district in a declared disaster area. Accordingly, upon motion made by Director Kelley, seconded by Director Morgan, and unanimously carried, the Board adopted a Resolution (1) finding the District to be a developed district in a declared disaster area, (2) calling a public hearing on the District’s proposed 2022 tax rate for October 26, 2022, and (3) authorizing the District’s tax

assessor-collector to prepare and publish notice of the public hearing, with the noticed rate being \$0.28.

4. With regard to Section 26.18 of the Texas Tax Code, Ms. Seipel noted that the District's online posting required under that statute would be amended to reflect the proposed 2022 tax rate.

5. Mr. Russell then presented the fund manager's report, a copy of which is attached hereto. The report showed checks and/or wire transfers in the amounts of (i) \$45,344.32 to Smith, Murdaugh, Little & Bonham, LLP and (ii) \$77,875.66 for engineering services. The report did not reflect but a check was signed to Core & Main in the amount of \$19,055.49. Mr. Russell also provided an update on the closing of several certificates of deposit and the procurement of remaining District records from the District's prior bookkeeper. Subject to that discussion, upon motion made by Director Cangelose, seconded by Director Morgan, and unanimously carried, the Board approved the fund manager's report and the checks listed thereon.

6. The Board then considered the minutes for the meeting held on September 21, 2022. After discussion, upon motion made by Director Morgan, seconded by Director Cangelose, and unanimously carried, the Board approved the minutes as presented.

7. Mr. Meza presented the operations report, a copy of which is attached hereto. With respect to water production, the District pumped 76,003,000 gallons from its wells, with an average daily flow of 2,451,710 gallons.

At the wastewater treatment plants, the total combined treatment amounted to 93,653,000 gallons with an average daily flow from the plants of 3,021,065 gallons per day. There were 13.9 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.

With respect to out-of-district water use, Emerald Forest Utility District used 96,000 gallons and MUD No. 248 used 18,945,000 gallons.

As for personnel matters, a safety meeting on jobsite safety is set for October.

Director Kelley then asked how often the information on the well pumpage chart is updated. Mr. Breeding and Mr. Homan responded that it is updated approximately every six months.

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

8. Mr. Rosenbaum then presented the engineer's report, a copy of which is attached hereto. He presented the feasibility study performed with respect to the 14.2614-acre tract located at 14140 Cypress N. Houston Road. This tract is not located within the boundaries of the District and would require annexation. The engineer noted that the result of this feasibility study is that the District is able to serve the proposed development. Mr. Homan proposed several

conditions to include in the District's agreement to annex, and the Board agreed with those terms in concept. At the conclusion of the discussion, the engineer stated that he sent the feasibility study letter to the developer and would let the Board know how they respond. Ms. Seipel also confirmed that, if the developer states that he is interested in continuing with annexation, an agenda item related to same will be placed on a future agenda.

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

9. The Board then considered an amendment to the consent to encroachment by and between the District and the current owner of the tract located at 12445 F.M. 1960 W. Upon discussion, upon motion made by Director Cangelose, seconded by Director Kelley, and unanimously carried, the Board approved the amended consent to encroachment as presented.

10. Mr. Gray presented a report on behalf of Champions Hydro-Lawn, copy attached. He noted that all of the District's facilities are in good shape. He continues to work with Harris County on the de-silting of the County's channel near the Crossbend Village pond. He also presented a proposal for a budget increase from \$60/acre to \$67/acre for the mowing. Upon motion made by Director Kelley, seconded by Director Cangelose, and unanimously carried, the Board approved the proposal 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 August financials with the Board. In connection with that discussion, Director Kelley asked a question about the Barwood basin cleanout project. Director Kelley also thanked the District's staff for their work in converting the District's landline phone system to wireless, thereby reducing the District's telephone bill by tens of thousands of dollars over the course of the year.

Mr. Breeding provided an update on the purchase of new billing software. In connection with that, he presented a proposal for a portion of the software and related items from Software Solutions in the amount of \$44,750. Upon motion made by Director Cangelose, seconded by Director Morgan, and unanimously carried, the Board approved the proposal as presented.

Mr. Homan provided an update on the status of the newly-discovered water line near the Barwood HOA facility. He noted that the line is not being utilized and has been capped. The Board expressed its satisfaction with the outcome of such situation.

Subject to that discussion, upon motion made by Director Cangelose, seconded by Director Morgan, and unanimously carried, the Board approved the management report as presented.

13. The Board considered items for the next agenda.

Secretary

Short Term Action Items

1. Normal Business

Long Term Action Items

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