

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61

Minutes of Meeting of Board of Directors

July 12, 2023

The Board of Directors (“Board”) of Harris County Fresh Water Supply District No. 61 (“District”) met on Wednesday, July 12, 2023 in accordance with the duly posted notice of the meeting, with a quorum of Directors present, as follows:

Mike Kelley, President
Jon Morgan, Vice President
Ben Solis, Secretary
Darrell A. Barroso, Assistant Secretary
Lary Cangelose, 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. Adam Anderson, engineer for the District; and Mr. Douglas C. McNiel, on behalf of the 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 considered the minutes for the meeting held on June 28, 2023. It was noted that in the sixth paragraph of item number 6, “plan” should be “plant.” Upon motion made by Director Solis seconded by Director Barroso, and unanimously carried, the Board approved the minutes subject to the change of “plan” to “plant” in the sixth paragraph of item number 6.

3. Mr. Anderson then presented the engineer’s report, a copy of which is attached hereto. He reported that work on the N. Eldridge Parkway sanitary sewer and water line relocation project continues.

Mr. Anderson reported that the plans for phase 11 of the District’s sanitary sewer rehabilitation have been sent to the reviewing agencies.

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

4. The Board discussed a request for a utility commitment letter from the developer of the tract located at 11220 F.M. 1960 W. The engineer confirmed that the District has the capacity to serve this development, which is within the boundaries of the District. After discussion, the Board agreed to table the approval of the letter until the District’s next meeting.

5. The Board considered payment of the general fund bills. 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.

6. The Board considered a Resolution Authorizing Increase and Establishing Annual Limit on Fees of Office. The attorney stated that, during the 88th regular legislative session, the Texas Legislature amended Section 49.060 of the Texas Water Code to provide that a director is entitled to receive fees of office of not more than the amount of the per diem set by the Texas Ethics Commission for members of the legislature for each day the director spends performing his or her duties. The attorney noted that currently such amount is \$221 per day, and the \$7,200 per year cap for fees of office received remains unchanged by the new law.

A discussion ensued regarding the merits of increasing the director's fees of office. First, Director Solis noted that he does not believe that this resolution is necessary because the directors will reach the \$7,200 cap with or without the increase. Mr. Homan noted that the directors show dedication to their service on the Board, and, therefore, they should accept the higher per diem.

While discussing this Resolution, the Board members also brought up the discussion of the meeting schedule. The Board reviewed information provided by Mr. Homan regarding the number of meetings held by the District. Currently, the District meets three times a month. Additionally, the directors frequently attend the monthly North Harris County Regional Water Authority Meetings and Association of Water Board Directors meetings and trainings. Mr. Homan informed the Board that by changing the District meetings to two meetings a month, the District could save as much as \$50,000 per year. Directors Solis and Cangelose noted that the three meetings a month schedule is currently serving the District well, and, if one meeting a month is eliminated, then the other two meetings risk becoming too long. Directors Morgan and Barroso noted that the District would be saving a substantial amount of money by eliminating one meeting a month and that the second meeting of the month is often very short and not as necessary as the first meeting and the third meeting. It was noted that the number of meetings will not have an effect on the fees of office because, whether there are two or three meetings a month, the directors will reach the \$7,200 per year cap for fees of office.

Subject to that discussion, upon motion made by Director Barroso, seconded by Director Morgan, the Board voted to approve the Resolution subject to changing the effect date to July 1, 2023. Directors Barroso, Morgan, and Cangelose voted in favor of approving the resolution. Director Solis voted against the resolution. As there was no need to break a tie, Director Kelley abstained from voting for or against the resolution.

7. The Board then returned to the discussion of the meeting schedule. Director Solis questioned the actual savings of dropping down to two meetings because the consultants would charge more for staying at the longer meetings. Mr. Homan and Mr. McNiel pointed out that a large portion of the consultant fees come from meeting preparation and travel to and from the meetings, so the District would save money by not being charged for those fees. Director Barroso questioned whether the two-meeting a month schedule would become effective immediately or if the District could make it effective starting in the new year. Mr. Homan noted that this decision would not need to immediately affect the District's meeting schedule and that

the District could make the new meeting schedule effective starting in the new year. Mr. Homan also reminded the Board that they do not have to decide during the current meeting, and, so long as his office can prepare the District's calendar for its early-November release, the Board can take time to consider this change. Lastly, Mr. Homan noted that if the District dropped down to two meetings per month the District would still be able to hold three meetings a month. He pointed out that due to the high-volume of District business occurring at the end of the year, three meetings a month will likely be necessary in November and December.

After the discussion, Director Barroso made a motion to accept the proposed meeting schedule of two meetings a month instead of three meetings a month and Director Morgan seconded the motion. Directors Solis and Cangelose voted against the motion. Before Director Kelley could cast his tie-breaking vote, Director Cangelose asked to make an amendment to the motion. Director Cangelose proposed that the Board take additional time to consider the information provided by Mr. Homan and that the meeting schedule discussion be tabled until the District's next meeting. Upon motion made by Director Cangelose, seconded by Director Barroso, the Board unanimously agreed to table the discussion of the new meeting schedule until the District's next meeting in order to have additional time to consider the new meeting schedule. Following the motion, Director Kelley thanked the Board for the very civil and productive discussions regarding the fees of office and the meeting schedule.

8. Ms. Magee, Mr. Breeding, and Mr. Homan presented the management report. Ms. Magee presented the District's April SPA check in the amount of \$97,929.18 to the District from the City of Houston.

Mr. Breeding reported that he is continuing to work with the District's engineers on the District's projects. Mr. Breeding then gave an update on the search for new District trucks.

Mr. Homan noted that he and Director Barroso had a very productive meeting with Harris County Precinct 3 Commissioner Tom S. Ramsey. Mr. Homan explained that the County is interested in partnering with the District on a two-part drainage plan—phase one being the E132 Mitigation and phase 2 being Barwood/Tower Oaks. The District would likely need to contribute around \$5,000,000 but would receive over \$20,000,000 worth of drainage improvements. The Board expressed interest in partnering with the County and requested that Mr. Homan actively pursue the partnership.

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

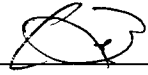

9. The Board then discussed the most recent meeting of the North Harris County Regional Water Authority, which several directors and Mr. Homan attended. The Board discussed the events of the meeting and the direction being taken by their board of directors.

10. With regard to the Water Users Coalition, Mr. Homan informed the Board that this group is active and is gaining a lot of new support.

11. Lastly, the Board considered items for the next agenda, including an executive session to discuss pending litigation and personnel matters. The Board requested that

the next agenda include the approval of the utility commitment request for tract located at 11220 F.M. 1960 W. and a discussion of the District's meeting schedule.

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

 
Secretary

Short Term Action Items

1. Executive Session to Discuss Pending Litigation and Personnel Matters

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