

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61

Minutes of Meeting of Board of Directors

January 24, 2024

The Board of Directors (“Board”) of Harris County Fresh Water Supply District No. 61 (“District”) met on Wednesday, January 24, 2024 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. Samuel Meza, operations manager for the District; Ms. Norma Catherman, tax assessor-collector for the District; Mr. Adam Anderson and Mr. Eddie Streich, engineers for the District; Ms. Kayla Ray, bookkeeper for the District; Mr. Scott Gray, representative for Champions Hydro-Lawn; Ms. Jessica Espinoza; 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. Under customer inquiries and input, Ms. Magee noted that today was disconnection day, with there being 16 disconnections in Harris County MUD No. 248 and 66 disconnections in the District.

2. Ms. Catherman then presented the tax assessor-collector’s report, a copy of which is attached hereto. The report showed a 43.96% collection rate for the 2023 tax year, with most other tax years being 99% collected or better. After further review of the report, upon motion made by Director Barroso, 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 considered tax exemptions for the 2024 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 Solis, seconded by Director Morgan, 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.

4. Ms. Ray presented the fund manager's report, a copy of which is attached hereto. The report showed checks in the amount of (i) \$40,972.08 and \$23,955.32 to Lockwood, Andrews, and Newnam for engineering services, (ii) \$2,919.44 to Smith, Murdaugh, Little and Bonham, LLP, (iii) \$4,939.30 to Husch Blackwell, and (iv) \$23,381.37 to Core and Main. The fund manager also confirmed that she opened a separate account that contains the funds received from Harris County in connection with their payment of the District for the two ponds being purchased as part of their E132 drainage improvement project. Subject to that discussion, upon motion made by Director Barroso, seconded by Director Solis, and unanimously carried, the Board approved the fund manager's report and the checks listed thereon.

5. The Board considered the minutes for the meeting held on January 10, 2024. Upon motion made by Director Solis, seconded by Director Barroso, 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 56,935,000 gallons from its wells, with an average daily flow of 1,836,613 gallons. There was 90% water accountability for the prior month.

At the wastewater treatment plants, the total combined treatment amounted to 88,478,000 gallons with an average daily flow from the plants of 2,854,129 gallons per day. The District received 2.8 inches of rain during the month of December.

With respect to the distribution and collection system, 20 bacteriological samples were taken with no coliforms detected. The District installed no meters or taps during the prior month.

With respect to out-of-district water use, Emerald Forest Utility District used 347,000 gallons and MUD No. 248 used 10,648,000 gallons.

As for personnel matters, a safety meeting on fire prevention and response was held earlier in the month. A safety meeting on defensive driving, vehicle inspections, and trailer safety is scheduled for February.

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

7. Mr. Streich presented the engineer's report, a copy of which is attached hereto. He noted that the water and sanitary sewer line project at N. Eldridge Parkway and F.M. 1960 continues, stating that he continues to believe that the project will conclude this spring. Mr. Streich also presented a fence proposal in the amount of \$29,685.00 for a new fence to be constructed around the District's lift station along N. Eldridge parkway. He noted that the existing fence has to be removed as a result of the Texas Department of Transportation's construction of the new road. Upon motion made by Director Barroso, seconded by Director Solis, and unanimously carried, the Board approved the proposal as presented.

Mr. Streich then presented and recommended approval of Pay Application No. 2 and Final for phase 10 of the District's sanitary sewer rehabilitation project. Upon motion made by Director Solis, seconded by Director Morgan, and unanimously carried, the Board approved the pay application as presented.

Mr. Streich then stated that the conveyance documents needed in connection with the District's sale of two detention ponds to Harris County for their E132 detention improvement project are still pending.

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

8. 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.

9. The Board next considered payment of the general fund bills listed on the report, a copy of which is attached hereto. After review, upon motion made by Director Cangelose, seconded by Director Barroso, and unanimously carried, the Board approved payment of the general fund bills as presented.

10. Mr. Homan, Mr. Breeding, and Ms. Magee presented the management report. Ms. Magee presented the District's December financials.

Ms. Magee presented the District's October SPA check from the City of Houston in the amount of \$96,224.89.

Mr. Breeding then stated that he continues to work on first quarter reporting and other pending District construction projects and development matters.

Mr. Homan provided an update on his meeting with representatives for Harris County in connection with phase two of their E132 drainage improvement project. Mr. Homan stated that Harris County indicated that it intends to proceed with phase two of the project in short order, with certain action items for the project slated to begin as soon as May. Mr. Homan discussed the funding that the District would be required to contribute towards the project, stating that it would amount to 25% of the anticipated project cost. The Board noted how beneficial the proposed project will be to District constituents, as the project calls for approximately \$30,000,000 in drainage improvements in the Barwood and Tower Oaks Meadows neighborhoods. Mr. Homan stated that the transaction will be memorialized through an interlocal agreement between Harris County and the District, and that such agreement likely will call for the District to make its financial contribution to the project upon execution of the agreement. Mr. Homan and Ms. Seipel stated that they were waiting for additional information as to that and other terms of the deal. Mr. Homan stated that he will keep the Board apprised of any new information.

Lastly, Mr. Homan reviewed with the Board the District's December 31, 2023 F.Y.E. budget and actuals. The Board expressed their satisfaction with regard to achieving another year of balancing the budget and exercising fiscal responsibility.

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

11. The Board then considered an Order for Election of Directors. Ms. Seipel noted that Directors Cangelose, Morgan, and Solis are up for reelection. After discussion, upon motion made by Director Barroso, seconded by Director Solis, and unanimously carried, the Board approved the order as presented.

12. The Board considered items for the next agenda, including an executive session to discuss pending or threatened litigation.

Secretary

Short Term Action Items

1. Executive Session to Discuss Threatened or Pending Litigation

Long Term Action Items

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