

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61

Minutes of Meeting of Board of Directors

February 28, 2024

The Board of Directors (“Board”) of Harris County Fresh Water Supply District No. 61 (“District”) met on Wednesday, February 28, 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. There were no customer inquiries or input.
2. Ms. Catherman then presented the tax assessor-collector’s report, a copy of which is attached hereto. The report showed an 84.85% 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 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 2023 delinquent taxes for real property on July 1, 2024. 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 Barroso, and unanimously carried, the Board adopted the Order 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) \$35,205.75 and \$6,608.88 to Lockwood, Andrews, and Newnam for engineering services, (ii) \$4,212.00 to Smith, Murdaugh, Little and Bonham, LLP, (iii) \$6,588.00 to Husch Blackwell, (iv) \$400.000 to Municipal Risk Management

Group, and (v) \$108,373.65 to Worldwide Products. Subject to that discussion, upon motion made by Director Barroso, 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 a Resolution Authorizing Filing of Application to Release Funds from Escrow. Ms. Seipel stated that, during the District's change in bookkeeping firms, it was discovered that there are funds in a Texpool account from prior bond issues that were never released from escrow by the Texas Commission on Environmental Quality. Accordingly, in order to be able to utilize those funds, the District must file an application seeking their release. Upon motion made by Director Solis, seconded by Director Barroso, and unanimously carried, the Board approved the resolution authorizing the filing of such application as presented.

6. The Board considered the minutes for the meeting held on February 14, 2024. One change to the minutes was suggested, and upon motion made by Director Barroso, seconded by Director Cangelose, and unanimously carried, the Board approved the minutes as amended.

7. Mr. Meza presented the operations report, a copy of which is attached hereto. With respect to water production, the District pumped 56,527,000 gallons from its wells, with an average daily flow of 1,823,452 gallons. There was 91% water accountability for the prior month.

At the wastewater treatment plants, the total combined treatment amounted to 95,573,000 gallons with an average daily flow from the plants of 3,083,000 gallons per day. The District received 8.8 inches of rain during the month of January.

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 252,000 gallons and MUD No. 248 used 10,906,000 gallons.

As for personnel matters, a safety meeting on defensive driving, vehicle inspections, and trailer safety was held earlier in the month. A safety meeting on workplace stress is scheduled for March.

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

8. Pursuant to Federal Trade Commission rules, the Board then conducted its annual review of the District's Identity Theft/Red Flag Policy. Ms. Magee, Mr. Breeding, and Mr. Homan confirmed that the existing policy was working well and recommended no changes. Accordingly, upon motion made by Director Solis, seconded by Director Cangelose, and unanimously carried, the Board unanimously adopted the attached Resolution Affirming the District's Identity Theft Prevention Program.

9. 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.

Mr. Streich then presented and recommended approval of Change Order No. 1 for phase 11 of the District's sanitary sewer rehabilitation project, with such change order representing a deduction in the project amount by \$221,707.35. The change order also added thirty (30) days to the contract. Upon motion made by Director Barroso, seconded by Director Cangelose, and unanimously carried, the Board approved the change order as presented.

The engineer presented the bids received for the Hastings Green wastewater treatment plant no. 2 lift station rehabilitation project and recommended that the District award the contract to CFG Industries, LLC in the amount of \$2,113,160.00. Upon motion made by Director Solis, seconded by Director Barroso, and unanimously carried, the Board awarded the contract as recommended.

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 Cangelose, and unanimously carried, the Board approved the engineer's report as presented.

10. The Board considered a letter agreement further extending its wastewater treatment agreement with Harris County MUD No. 222. Ms. Seipel and Mr. Homan confirmed that the additional 90-day extension is to allow the parties to negotiate and finalize an agreement. Upon motion made by Director Barroso, seconded by Director Cangelose, and unanimously carried, the Board approved the agreement as presented.

11. 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.

12. 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.

13. Mr. Homan, Mr. Breeding, and Ms. Magee presented the management report. Ms. Magee presented the District's January financials. Ms. Magee noted several changes to items included on the first page of the monthly ledger.

Ms. Magee noted that the District's 2024 family day will be held on May 18, 2024 at the Houston Dynamo game.

Mr. Breeding then stated that the water well at water plant no. 4 is scheduled to be brought online in the coming days.

Mr. Breeding also reported that the new security cameras have been installed.

Mr. Breeding then stated that the new generator for the Barwood wastewater treatment plant was delivered. He showed a presentation of the installation.

Mr. Homan provided an update with regard to a communication received from representatives for Harris County in connection with phase two of their E132 drainage improvement project. Mr. Homan stated that Harris County Precinct No. 3 Commissioner Tom Ramsey has requested letters of support from the District for the project. Mr. Homan stated that he would work with the attorney to draft such letters.

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.

14. Ms. Seipel then discussed with the Board the requirements of Senate Bill 625. The law requires districts to annually provide certain records and information concerning the District's finances and tax rates to the Texas Comptroller of Public Accounts. The comptroller has created a special information database on their website, where the information will be assembled, updated, and made available to the public free of charge. The required information is already publicly available in other places, but the law requires submission of the information to the comptroller. The information includes the name of the District, the names of the Board members, any employees, addresses, websites if applicable, names of certain consultants, the total amount of bonds authorized by District voters, the aggregate principal amount of bonds issued, the tax rate, and audited financial information. The attorney stated that her office will prepare and file the required report by the April 1, 2024 deadline.

15. The Board considered a certificate executed by the Secretary of the Board certifying that the candidates in the May 4, 2024 directors election are unopposed. Upon motion made by Director Barroso, seconded by Director Cangelose, and unanimously approved, the Board adopted the attached Order Declaring Unopposed Candidates Elected and Canceling the May 4, 2024 Directors Election.

16. 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