

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61

Minutes of Meeting of Board of Directors

August 28, 2024

The Board of Directors ("Board") of Harris County Fresh Water Supply District No. 61 ("District") met on Wednesday, August 28, 2024 in accordance with the duly posted notice of the meeting, with a quorum of Directors present, as follows:

Jon Morgan, President
Ben Solis, Vice President
Darrell Barroso, Secretary
Lary Cangelose, Assistant Secretary
Mike Kelley, 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, District employee; 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 a 95.05% 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. Ms. Ray presented the fund manager's report, a copy of which is attached hereto. The bookkeeper's report reflected checks in the amount of (i) \$29,316.42 and \$39,565.69 to Lockwood, Andrews, and Newnam for engineering services, (ii) \$1,800.00 to Smith, Murdaugh, Little and Bonham, LLP, (iii) \$1,130.50 to Husch Blackwell, LLC, and (iv) \$835,357.00 to CFG Industries. 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.

4. The Board considered the minutes for the meeting held on August 14, 2024. One change was recommended, and upon motion made by Director Solis, seconded by Director Barroso, and unanimously carried, the Board approved the minutes as amended.

5. Mr. Meza presented the operations report, a copy of which is attached hereto. With respect to water production, the District pumped 64,608,000 gallons from its wells, with an average daily flow of 2,084,129 gallons. There was 98% water accountability for the prior month.

At the wastewater treatment plants, the total combined treatment amounted to 98,451,000 gallons with an average daily flow from the plants of 3,175,839 gallons per day. The District received 16.3 inches of rain during the month of July.

With respect to the distribution and collection system, 20 bacteriological samples were taken with no coliforms detected. The District replaced 5 meters during the prior month.

With respect to out-of-district water use, Emerald Forest Utility District used 209,000 gallons and MUD No. 248 used 15,012,000 gallons.

As for personnel matters, a safety meeting on trenching and shoring was held this month.

Mr. Meza and Mr. Homan provided information regarding the District's recent issues with several soft starts at District plant facilities.

Mr. Homan also commented on the District's water sales being down this summer due to it being a wet summer.

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

6. Mr. Streich presented the engineer's report, a copy of which is attached hereto. He noted that his office continues to work to prepare the fourth reimbursement package for submission to the Texas Department of Transportation related to the water and sanitary sewer line project at N. Eldridge Parkway and F.M. 1960. Mr. Homan provided a timeline for the anticipated receipt of thus funds, with the expectation being three to six months.

Mr. Streich stated that phase 11 of the District's sanitary sewer rehabilitation project is nearing completion.

Mr. Streich reported that the Hastings Green lift station rehabilitation project continues. He presented and recommended approval of Pay Application No. 1 in the amount of \$835,357.50 to CFG Industries, LLC for their work in connection with that project. Upon motion made by Director Solis, seconded by Director Barroso, and unanimously approved, the Board approved the pay application as presented. Mr. Breeding showed several photographs of the ongoing work.

Mr. Streich provided an update on the status of the North Harris County Regional Water Authority's surface water conversion project, stating that work to connect to the District's system continues.

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

7. 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.

8. 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 Kelley, seconded by Director Solis, and unanimously carried, the Board approved payment of the general fund bills as presented.

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

Mr. Breeding provided an update on a variety of matters, noting that (i) the District hired a new assistant operations manager, (ii) the new air conditioner unit was installed at the District's administration building, (iii) he continues to look for new District trucks, and (iv) the District's administration building is now receiving fiber internet service, which is supposed to be more reliable.

Mr. Homan then presented a proposal for renewal of the District's health insurance program. Mr. Homan recommended that the District approve the proposal that will reduce the District's costs by 3.24%. After some discussion, upon motion made by Director Kelley, seconded by Director Barroso, and unanimously carried, the Board approved the proposal recommended by Mr. Homan. The Board discussed the additional out-of-pocket expenses that will be incurred by the employees under the new plan and agreed to consider this factor when determining raises later this year.

Mr. Homan stated that the North Harris County Regional Water Authority has a contested election this fall for two director positions.

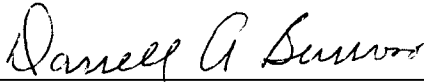
Director Kelley reported that September 9, 2024 is the last day for storm debris removal by Harris County.

The Board discussed the District's conversion to surface water, including the notices that will be distributed to the District's residents.

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.

10. At 6:52 p.m., the Board entered into executive session to discuss pending or threatened litigation. At 7:33 p.m., the Board exited executive session and authorized its attorney to send communications to Harris County MUD No. 69, if necessary.

11. 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