

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61

Minutes of Meeting of Board of Directors

February 26, 2025

The Board of Directors ("Board") of Harris County Fresh Water Supply District No. 61 ("District") met on Wednesday, February 26, 2025 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; Ms. Kayla Ray, bookkeeper for the District; Mr. Eddie Streich and Mr. Adam Anderson, engineers 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.
2. Ms. Catherman then presented the tax assessor-collector's report, a copy of which is attached hereto. The report showed an 89.17% collection rate for the 2024 tax year, with most other tax years being 99% collected or better. Ms. Catherman also presented a report showing collections by month for the 2024 fiscal year. After further review of the report, upon motion made by Director Solis, seconded by Director Kelley, and unanimously carried, the Board approved the tax assessor-collector's report and payment of the bills listed thereon with checks and wire transfers 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 2024 delinquent taxes for real property on July 1, 2025. 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 on behalf of the bookkeeper, a copy of which is attached hereto. The bookkeeper's report reflected checks in the amounts of (i) \$82,936.48, \$25,385.47, and \$3,647.34 to Lockwood, Andrews, and Newnam, Inc., and (ii)

\$600.00 to Smith, Murdaugh, Little and Bonham, LLP. Subject to that discussion, upon motion made by Director Kelley, seconded by Director Solis, and unanimously carried, the Board approved the fund manager's report and the check(s) listed thereon.

5. The Board considered the minutes for the meeting held on February 12, 2025. 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 53,725,000 gallons from its wells, with an average daily flow of 1,733,065 gallons. There was 93% water accountability for the prior month.

At the wastewater treatment plants, the total combined treatment amounted to 89,972,000 gallons with an average daily flow from the plants of 2,902,323 gallons per day. The District received 5.6 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 replaced 15 meter registers during the prior month.

With respect to out-of-district water use, Emerald Forest Utility District used 206,000 gallons and MUD No. 248 used 10,937,000 gallons. Harris County MUD No. 69 also used 46,000 gallons of water through the emergency interconnect.

As for personnel matters, a safety meeting on slips, trips, and falls was held earlier in the month.

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

7. 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 Barroso, seconded by Director Cangelose, and unanimously carried, the Board unanimously adopted the attached Resolution Affirming the District's Identity Theft Prevention Program.

8. Mr. Streich presented the engineer's report, a copy of which is attached hereto. He noted that his office has had meetings with representatives for the Texas Department of Transportation ("TxDOT") regarding the supplemental reimbursement agreement needed to submit a final reimbursement package.

With regard to the Phase 12 CCTV project of the District's sanitary sewer rehabilitation project, the engineer presented the bids received and recommended that the District award the contract to Specialized Maintenance Services, Inc. in the amount of \$264,926.00. Upon motion made by Director Cangelose, seconded by Director Barroso, and unanimously carried, the Board awarded the contract as recommended.

As for the water plant no. 2 recoating project, Mr. Streich presented and recommended approval of Change Order No. 1 in the amount of \$23,217.63 to replace inoperative valves. Mr. Homan and Mr. Streich stated that the change in scope is necessary and appropriate. Accordingly, upon motion made by Director Cangelose, seconded by Director Barroso, and unanimously carried, the Board approved the change order as presented.

On the Barwood and Tower Oaks Meadows drainage improvement project, Mr. Streich provided an updated timeline for Harris County's commencement and completion of the work.

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 and the action items listed thereon as presented.

9. 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.

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

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

Mr. Breeding provided an update on a variety of matters, including the adjustment of Harris County MUD 248's monthly payments due to CPI increases and other first quarter reporting.

Mr. Homan stated that District representatives and the attorney continue to work with counsel for Harris County MUD No. 69 regarding negotiation of a new wastewater treatment and emergency water supply agreement. He noted that drafts will be presented for approval soon.

Mr. Homan also provided an update on various pieces of pending legislation that would impact MUDs.

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.


12. 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, 2025 deadline.

13. Ms. Seipel presented the District's annual arbitrage report. The Board agreed to proceed with preparation of the recommended reports pursuant to its existing engagement letter with Arbitrage Compliance Services.

14. At 6:50 p.m., the Board entered executive session to discuss threatened litigation and personnel matters not addressed during the management report. At 6:59 p.m., the Board exited executive session and took no further action.

15. The Board considered items for the next agenda, including renewal of its property insurance.


Secretary

Short Term Action Items

1. Renewal of Insurance

Long Term Action Items

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