HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61
Minutes of Meeting of Board of Directors
February 25, 2026

The Board of Directors ("Board") of Harris County Fresh Water Supply District No. 61 ("District") met on Wednesday, February 25, 2026 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, the District's tax assessor-collector; Mr. Adam Anderson and Mr. Eddie Streich, engineers for the District; Ms. Kayla Ray, bookkeeper for the District; Mr. Scott Gray with Champions Hydrolawn; and Ms. Jennifer Seipel, attorney for the District. Also present was John Turner, a District resident.

The President called the meeting to order and declared it open for such business as might regularly come before it.

1. There was no public comment.

2. Ms. Catherman then presented the tax assessor-collector's report, a copy of which is attached hereto. The report showed an 87.3% collection rate for the 2025 tax year, with most other tax years being 99% collected or better. After further review of the report, upon motion made by Director Kelley, seconded by Director Solis, and unanimously carried, the Board approved the tax assessor-collector's report and payment of the bills listed thereon with checks and wire transfer(s) 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 2025 delinquent taxes for real property on July 1, 2026. 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 Cangelose, seconded by Director Barroso, and unanimously carried, the Board adopted the Order as presented.

4. The Board considered the minutes for the meeting held on February 11, 2026. Upon motion made by Director Barroso, seconded by Director Cangelose, and unanimously carried, the Board approved the minutes as presented.

5. Mr. Meza presented the operations report, a copy of which is attached hereto. With respect to water production, the District pumped 58,979,000 gallons from its wells, with an average daily flow of 1,902,548 gallons. There was 92% water accountability for the prior month.

At the wastewater treatment plants, the total combined treatment amounted to 82,681,000 gallons with an average daily flow from the plants being 2,667,129 gallons per day. The District received 2.7 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.

With respect to out-of-district water use, Emerald Forest Utility District used 138,000 and MUD No. 248 used 13,689 gallons. Harris County MUD No. 69 used 19,000 gallons through its emergency interconnect with the District.

As for personnel matters, a safety meeting on CPR and first aid will be held this month.

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

6. 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.

7. Mr. Streich presented the engineer's report, a copy of which is attached hereto. With regard to the N. Eldridge Parkway road expansion project, he noted that the Texas Department of Transportation will audit the project in one to two years, at which point they will release to the District the outstanding funds owed. Mr. Streich also presented a check from his firm to the District in the amount of $94,527.09 for work that was billed to the District but not reimbursed by TxDOT. Such payment was made pursuant to a prior agreement between the District and Lockwood, Andrews, and Newnam.

As for the recoating of water plant no. 1, Mr. Streich stated that work continues, and the contractor is performing well.

The engineer and Mr. Homan provided updates on the Barwood and Tower Oaks Meadows drainage improvement projects. The gentlemen reported on the recent pre-construction meeting held on the Barwood project.

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

8. The Board discussed a request for a utility commitment letter from the developer of the tract located at 11220 F.M. 1960 as commercial buildings. The engineer confirmed that the District has the capacity to serve this development, which is within the boundaries of the District. Subject to that discussion, upon motion made by Director Cangelose, seconded by Director Solis, and unanimously carried, the Board approved issuance of the letter as presented.

9. 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) $26,852.72 and $19,344.45 to Lockwood, Andrews & Newnam, and (ii) $310,419.00 to BRZ Coatings, Inc. Subject to that discussion, upon motion made by Director Solis, seconded by Director Barroso, and unanimously carried, the Board approved the fund manager's report and the check(s) listed thereon, except as set forth above.

10. The Board considered a Resolution Expressing Official Intent to Reimburse for Capital Expenses. The attorney and Mr. Homan explained that, the District previously sold bonds for water, wastewater and storm sewer projects in Tower Oaks Meadows and Barwood. The District recently used operating funds to pay for these projects, and it was recommended that the District reimburse $1,980,000 of those operating funds with funds from the Series 2020 bond issue delineated for these same purposes. Upon motion made by Director Barroso, seconded by Director Cangelose, and unanimously carried, the Board approved the resolution as presented.

11. Mr. Gray presented a report from Champions Hydro-Lawn, copy attached. He noted that 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 Barroso, seconded by Director Cangelose and unanimously carried, the Board approved payment of the general fund bills as presented.

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

Mr. Breeding stated that he is working on the budgets for the year and true-ups with Harris County MUD No. 69 and Harris County MUD No. 222.

Mr. Homan noted that efforts continue with regard to the District's conversion to surface water.

Lastly, Mr. Homan requested authorization to pursue negotiation of a contract with the Harris County Sheriff's Department for the employment of one deputy to patrol the District. The Board granted such request.

Following such discussion, upon motion made by Director Barroso, seconded by Director Cangelose, and unanimously carried, the Board approved the management report as presented.

14. The Board reviewed its Rate Order. Mr. Homan presented information regarding recommended changes to the District's water rates. Mr. Homan stated that the District has not increased its water and sewer rates in several decades, using sales tax revenue generated under its strategic partnership agreement with the City of Houston to subsidize District expenses. Mr. Homan discussed the timing of imposition of the new rates, recommending that they be effective on February 24, 2026. The Board noted that notice of consideration of the rate increase will be done in accordance with all legal requirements and in the spirit of full transparency. Mr. Homan presented a detailed analysis of the proposed new rates, which includes minimal or no increase in charges for low water users and a more robust increase in charges for high usage and commercial accounts. Mr. Homan stated that the rates paid are on an escalating scale, with high water users paying higher rates. Mr. Homan also presented recommended changes in sewer rates, with the methodology being largely the same as that of the proposed water rates. Following such discussion, upon motion made by Director Solis, seconded by Director Barroso, and unanimously carried the Board approved changes to its Rate Order and related fee schedule as presented, while also granting Mr. Homan the authority to modify rates for homeowners' association customers as he sees fit.

15. 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, 2026 deadline.

16. The Board considered a certificate executed by the Secretary of the Board certifying that the candidates in the May 2, 2026 directors election are unopposed. Upon motion made by Director Barroso, seconded by Director Solis, and unanimously approved, the Board adopted the attached Order Declaring Unopposed Candidates Elected and Canceling the May 2, 2026 Directors Election.

17. The Board then considered items for the next agenda.

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

Diane A. Barron

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
3. Contract for Security with Harris County Sheriff's Department