

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 61
Minutes of Meeting of Board of Directors
January 22, 2019

The Board of Directors of Harris County Municipal Utility District No. 61 met at 1825 N. Mason Road, Katy, Harris County, Texas 77449, on January 22, 2019, in accordance with the duly posted notice of meeting, and the roll was called of the duly constituted officers and members of said Board of Directors, as follows:

Wheeler BeMent, President
Billy Lowery, Vice-President
W.R. Lusby, Secretary
Floyd J. Ball, Assistant Secretary
William Evans, Director

and all of said persons were present, thus constituting a quorum.

Also present were Jim Ainsworth and Jacob Valentien of A&S Engineers, Inc. ("A&S"); Lonnie Wright of Municipal Operations & Consulting, Inc. ("MO&C"); Tina Kelsey of Myrtle Cruz, Inc. ("MC"); Caryn Adams of Wheeler & Associates, Inc. ("W&A"); Richard Martin of First Environment Erosion Controls, Inc. ("FEEC"); Kelly Gard of KGA DeForest ("KGA"); and David Marks and Ryan Ashcraft of Marks Richardson PC ("MRPC").

The Vice President called the meeting to order.

As the first order of business, the Board considered comments from members of the public. No one present wished to address the Board.

The Board next considered approval of the minutes of the Board of Directors meeting held on December 18, 2018. After discussion, Director Evans made a motion to approve the minutes of the meeting of December 18, 2018, as presented. Director Ball seconded the motion, which unanimously carried.

The Board next deferred consideration of a report on mowing activity within the District until later in the meeting.

The Board next considered the financial and investment reports and invoices presented for payment. Ms. Kelsey distributed the attached bookkeeping reports, investment inventory reports and bills for payment. After review and discussion, Director Evans made a motion to approve payment on the General Operating Account of check nos. 7126 through 7159 inclusive, on the Capital Projects Fund of check no. 1257 and 1258, on the Construction Park Bond Account of check nos. 1046 and 1047, and on the Williamsburg Water Plant General Operating Account of check nos. 3802 through 3809, inclusive, as identified in the reports. Director Lusby seconded the motion, which carried unanimously.

Director BeMent entered the meeting during the report and assumed the chair.

Mr. Marks next advised the Board that provisions of the Public Funds Investment Act require the Board of Directors of the District to review, revise and adopt at least annually a list of qualified brokers authorized to engage in investment transactions with the District. He reviewed with the Board a Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District, and the attached list of financial institutions, brokers and dealers attached thereto as Exhibit "A." Mr. Marks recommended to the Board that if any of the directors have a relationship with any of the institutions shown on the list that could create a conflict of interest, then that institution(s) should be deleted from the list that the Board adopts. After discussion, Director Evans made a motion to approve the Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District. Director BeMent seconded the motion, which unanimously carried.

The Board next considered the status of collection of taxes. Ms. Adams reviewed the attached tax assessor's reports and the delinquent tax roll for the month of December. She reported that 45.32% of the District's 2018 taxes had been collected through December 31, 2018. After review and discussion of the reports, Director BeMent made a motion to approve the reports and authorize payment on the Tax Account, of check nos. 2482 through 2484, inclusive, and two (2) wire transfers, as identified in the report. Director Evans seconded the motion, which carried unanimously.

There was next a discussion regarding the status of the District's delinquent tax accounts. Ms. Adams reviewed the attached Delinquent Collections Listing as of December 31, 2018. She next reviewed the attached written report dated January 22, 2019, which had been prepared by the District's delinquent tax attorney, Perdue, Brandon, Fielder, Collins & Mott, L.L.P ("Perdue").

The Board next considered the adoption of a Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes. Mr. Marks advised that the Board is authorized pursuant to Section 33.11 of the Texas Tax Code, as amended, to impose, under certain conditions, an additional penalty not to exceed twenty percent (20%) of the delinquent personal property taxes due to the District that became delinquent on or after February 1 of a year and that remain delinquent sixty (60) days after the date on which they become delinquent. After discussion, Director Evans made a motion to adopt the attached Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes and to authorize Perdue to proceed with the collection of the District's delinquent personal property accounts following proper notice as provided in the Resolution, including the filing of lawsuits, as necessary. Director BeMent seconded the motion, which carried unanimously.

The Board next considered the status of surface water issues and the West Harris County Regional Water Authority ("WHCRWA"). Director Evans noted that he was unable to attend the last WHCRWA meeting and has nothing new to report.

The Board next considered authorizing the design, advertisement for bids and/or award of construction contracts, status of construction contracts previously awarded and acceptance of sites and easements. Mr. Valentien reviewed the attached report.

The Board next considered approval of plans and specifications and authorizing advertisement for bids and/or award of construction contract for Waterline Replacement, Phase II.

Mr. Valentien reported that A&S submitted the design plans to the Texas Commission on Environmental Quality for review.

The Board next considered approval of the award of construction contract for expansion of water, sanitary sewer and drainage facilities to serve Skybox expansion. Mr. Valentien reported that after the initial utility analysis for the Skybox expansion project, it was found that the utilities expansion will require a regional lift station and improvements to the water system. He reminded the Board that last month they concurred with the proposed actions for Skybox for Stage 1A and Stage 1B. He stated that A&S has provided comments to the design plans for the Skybox improvements.

Mr. Valentien next reported that in further discussions regarding the Skybox improvements it was determined that it will be best for the District to coordinate and pay for the improvements related to Stage 1A while Skybox coordinates and pays, subject to future reimbursement, for the improvements related to Stage 1B. The Board then discussed paying for the Stage 1A improvements, estimated by the engineer to cost \$30,000, out of surplus funds. Mr. Wright then stated that MOC could do the work for approximately \$23,000. After discussion, Director Lusby made a motion to authorize MOC to proceed with the Stage 1A improvements for an approximate cost of \$23,000 under the District's contract with MOC. Director Ball seconded the motion, which unanimously carried.

Mr. Valentien next reported that in further investigations into the Skybox expansion and Franz Road lift station, A&S identified some facility deficiencies that will need to be addressed and combined with the Skybox improvements. He recommended that the work be a District maintenance cost in lieu of Skybox. Mr. Valentien then reviewed a cost estimate for the Franz Road lift station improvements for a total cost of \$124,000. After discussion, the Board deferred action on the matter and agreed to consider same later in the summer.

The Board next considered the status of the contract with Link's Construction for water line extension to serve the Soufan tract development. Mr. Valentien reported that the contractor has completed the project and he presented the Certificate of Substantial Completion. He presented Pay Application No. 4 in the amount of \$13,456.85, Change Order No. 2 in the amount of \$13,800 and Pay Application No. 5 and Final in the amount of \$25,064.15, and recommended that the Board approve payment of same. He then presented an executed TEC Form 1295 in connection with the change order. After discussion, Director BeMent made a motion to approve payment of Pay Application No. 4, Change Order No. 2 and Pay Application No. 5 and Final, as set out above, with the finding that such Change Order was necessary and beneficial to the District. Director Lowery seconded the motion, which carried unanimously.

The Board next considered the status of the contract with SKE Construction LLC ("SKE") for Waterline and Water Meter Replacement, Phase 1. Mr. Valentien reported that SKE is working to achieve final completion and is working to complete the pavement replacement. He stated that A&S received approval from Harris County for the concrete pavement replacement.

The Board next considered the acceptance of a fifteen foot (15') sanitary sewer easement (0.0068 acre) from Mason Franz Partners, LP and a fifteen foot (15') sanitary sewer easement (0.0036 acre) from Vaquero Katy Take 5 Partners, LP. Mr. Marks recommended that the Board approve the two (2) fifteen foot (15') sanitary sewer easements and presented an executed TEC

Form 1295 from Mason Franz Partners, LP and Vaquero Katy Take 5 Partners, LP. After discussion, Director BeMent made a motion to approve the sanitary sewer easements, and to authorize the President to execute on behalf of the Board and District. Director Lowery seconded the motion, which carried unanimously.

The Board next considered the status of storm water quality permits. Mr. Valentien reported that the storm water quality permit for the storm trooper for the Mason and Franz development along Franz Road is up for renewal. He stated that Harris County has a new policy that if the entity is tax exempt the County will waive the \$250 renewal fee. Mr. Valentien stated that A&S will handle the necessary coordination for the Board and requests that the Board approve and execute the letter documenting the District's tax exempt status. After discussion, Director BeMent made a motion to approve the letter to Harris County documenting the District's tax exempt status, to authorize the President to execute same on behalf of the Board and District, and to authorize A&S to handle the renewal of same. Mr. Valentien then stated that the storm water quality permits for Mason Ranch Detention Pond, Mason Seniors Detention Pond and Westside Office Park Detention Pond have been renewed.

The Board next considered the status of the Flood Mitigation Evaluation. Mr. Valentien reported that A&S received the topographic survey last week and has commenced the analysis to calculate an approximate value of the detention pond. He stated that after completion of the volume calculation, A&S will conduct the further evaluation steps.

Mr. Valentien next presented two (2) proposals from Lake Management Systems, LP for changing the fountain lights to LED lights at the detention pond. He reviewed the options, including to retrofit existing fixtures with LED light bulbs on the fountains for \$1,491.60 or install new LED light sets on the fountains for \$6,310.00. After discussion, Director BeMent made a motion to approve the proposal to retrofit existing fixtures with LED light bulbs for \$1,491.60. Director Lowery seconded the motion, which unanimously carried.

The Board next considered the status of annexation requests. Mr. Valentien reported that the additional tract that Mr. Gatzke is working to purchase is under contract. He stated that Mr. Gatzke is still working to move forward with the development.

The Board next considered the issuance of utility commitments. Mr. Valentien reported that A&S received an application for service for the lot at the corner of Franz Road and Elrod. He stated that the proposed development is to be a mixed office and warehouse facility and that A&S has requested a \$5,000 deposit from the developer to conduct the evaluation of utility extension to the property. Mr. Valentien stated that A&S will continue to coordinate with the developer.

The Board next deferred consideration of a report regarding the status of development of the McCormick property within the District as no one had anything new to report.

Mr. Valentien next reported regarding the status of the preparation of parks plans. He stated that A&S received design plans from KGA's civil engineer for the proposed Dunmore Park and that A&S is currently in the process of reviewing the plans.

The Board next considered a report on the District's water, sanitary sewer and storm sewer systems for the month of December. Mr. Wright reported that 98% of the water pumped during

the month of December had been accounted for, and that the District's facilities had been operated in compliance with their respective permits.

The Board next considered the report on the regional sewage treatment plant, including compliance with the wastewater discharge permit. Mr. Wright stated that the facilities were operated in compliance with the permit and operated at 44% of capacity for the month of December.

Mr. Wright next requested that the Board authorize MOC to turn over one (1) delinquent account (over \$25.00) in the total amount of \$131.42 to Collections Unlimited ("CU"), as shown on the list attached to the Operator's Report. After discussion, Director Evans moved to authorize MOC to turn over the one (1) subject account to CU, as set out above. Director Ball seconded the motion, which passed unanimously.

The Board next considered authorizing MOC to provide required information to districts receiving water through emergency interconnect relative to Consumer Confidence Reports. After discussion, Director BeMent made a motion to authorize the operator to provide the required information to districts receiving water through emergency interconnect relative to Consumer Confidence Reports. Director Lowery seconded the motion, which carried unanimously.

The Board next deferred consideration of alternatives relating to contracting for security patrol in the District as Director Lowery stated that he had nothing new to report to the Board.

The Board next considered a report regarding the status of the preparation of parks plans. Mr. Gard reviewed the attached report and stated that the design plans are currently under review at Harris County. He also noted that KGA is coordinating with CenterPoint Energy. He stated that once KGA receives comments from Harris County he will begin advertisement for bids.

The Board next considered a report on mowing activity within the District. Mr. Martin reviewed the attached report with the Board and reported on the status of mowing within the District.

The Board next considered matters for possible placement on future agendas. Mr. Marks presented the attached handout from EVO and stated that EVO would like to attend a future meeting to make a presentation to the Board regarding the services it can provide to the District. After discussion, the Board concurred that it would not be interested in EVO making a presentation to the Board.

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

Secretary, Board of Directors

ATTACHMENTS TO MINUTES OF BOARD OF DIRECTORS
January 22, 2019

1. Bookkeeper's Report
2. Resolution Adopting List of Qualified Brokers
3. Tax Assessor Collector's Report
4. Delinquent Tax Report
5. Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes
6. Engineer's Report with related correspondence
7. Operations Report
8. Landscape Architect Report
9. FEEC Report
10. EVO handout