

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 61
Minutes of Meeting of Board of Directors
May 28, 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 May 28, 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, except Director BeMent, thus constituting a quorum.

Also present were Jacob Valentien of A&S Engineers, Inc. ("A&S"); Lonnie Wright and Claudia Garza 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 ("FEEC"); Kelly Gard of KGA DeForest Design, LLC ("KGA"); Greg West and Jason Shire of Perdue, Brandon, Fielder, Collins & Mott, L.L.P. ("Perdue"); Dennis Gordon and Doug Hans representing the West Harris County Regional Water Authority ("WHCRWA"); David Aguayo of R.G. Miller Engineers ("RG"); Sherry Heenpe, resident; and David Marks of Marks Richardson PC ("MRPC").

The President called the meeting to order.

As the first order of business, the Board considered comments from members of the public. Ms. Heenpe reported on a shooting incident that occurred within the District. She stated that the security guard who patrols within the District alerted the Sheriff's Department who then arrived within approximately five (5) minutes. She stated that the incident was a suspected gang initiation. Ms. Heenpe stated that she believes that the security guard's presence in the neighborhood saved the situation.

The Board next considered approval of the minutes of the Board of Directors meeting held on April 23, 2019. After discussion, Director Evans made a motion to approve the minutes of the meeting of April 23, 2019, as amended. Director Lusby seconded the motion, which unanimously carried.

The Board next considered a report regarding the status of the preparation of parks plans. Mr. Gard reviewed the attached landscape architect report and stated that KGA has resubmitted plans to Harris County for permitting. He stated that KGA is preparing documents to advertise for bids and anticipates breaking ground on the project by July and completing the project within ninety (90) days.

The Board next considered the status of surface water issues and the West Harris County Regional Water Authority (“WHCRWA”). Director Evans reported that the WHCRWA held two (2) meetings this past month.

The Board next considered a request to reconsider action relating to installation of WHCRWA meter at the District’s Water Plant. Mr. Gordon reported that the WHCRWA is requesting that the Board grant the WHCRWA a Right of Entry to allow its employees to enter the District’s Water Plant to read the meter and is further requesting to install and maintain non-intrusive automated meter reading instrumentation on the District’s Water Plant. The Board discussed its concerns with the WHCRWA’s costs, raising the rates for members and out of control spending. It was noted that the meter readings are posted daily online by the District and the Board directed Mr. Wright to provide online access to the daily meter readings to the WHCRWA. The Board noted that with daily online access, plant site access and installation of a new, expensive meter were not necessary. After discussion, Director Lusby made a motion to confirm the Board’s previous action to deny WHCRWA’s request for a Right of Entry to the District’s Water Plant. Director Evans seconded the motion, which carried unanimously.

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. After review and discussion, Director Evans made a motion to approve the report, as presented. Director Ball seconded the motion, which unanimously carried.

The Board next deferred consideration of a discussion regarding the Barker Cypress trail connection grant project as there was nothing new to report.

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. 7239 through 7266 inclusive, on the Capital Projects Fund of check no. 1264, on the Construction Park Bond Account of check nos. 1057 through 1060, inclusive, and on the Williamsburg Water Plant General Operating Account of check nos. 3837 through 3846, inclusive, as identified in the reports. Director Lowery seconded the motion, which carried unanimously.

The Board next discussed the status of the discrepancy in the sales tax information from the City of Houston.

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 March. She reported that 98.46% of the District’s 2018 taxes had been collected through April 30, 2019. After review and discussion of the reports, Director Evans made a motion to approve the reports and authorize payment on the Tax Account, of check nos. 2502 through 2505, inclusive, as identified in the report. Director Ball 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 April 30, 2019. Mr. West next reviewed the attached written report dated May 28, 2019, which had been prepared by the

District's delinquent tax attorney, Perdue. He then reviewed the status of collection on various accounts and stated that he will review the system in order to expedite collection.

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 is waiting to finalize Phase I to capture any necessary modifications to Phase II. He stated that A&S will submit plans to Harris County soon 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 stated that Stage 1A improvements are complete and up and running. He stated that Skybox advised A&S that they had resolved timing on the next phases and would be calling soon to review actions needed.

The Board next deferred approval of plans and specifications and authorizing advertisement for bids for rehabilitation of the Franz Road lift station until 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 project has been completed, that he has the Engineer's Certificate of Completion and the as-built plans, and requested that the item be removed from the agenda. After discussion, Director Lusby made a motion to accept the project as complete. Director Evans seconded the motion, which unanimously carried.

The Board next considered the status of the contract with SKE Construction LLC ("SKE") for Waterline and Water Meter Replacement, Phase 1. Mr. Valentien stated that SKE is working to achieve final completion and that A&S is awaiting additional information regarding a change order request received from SKE. Mr. Valentien noted that most of the punch list items, including concrete work, have been completed. Director Lowery noted that his driveway still has not been replaced. Mr. Valentien then presented Pay Application No. 12 in the amount of \$101,677.30 and Pay Application No. 13 in the amount of \$22,358.25 and recommended that the Board approve payment of same. He also stated that SKE is requesting a reduction in retainage from 10% to 2% and that A&S offered a reduction in retainage to 5% as long as SKE provides a consent of surety. Mr. Valentien stated that A&S is awaiting the consent document from the surety. Mr. Marks then reviewed correspondence from The Chapman Firm dated May 24, 2019, regarding the submission of Pay Application Nos. 12 and 13 and request for reduction in retainage. The Board discussed whether to hire a construction attorney to handle the matter. The Board concurred that A&S should work with SKE to complete the project and resolve the payment issues with SKE, and that the District should defer hiring a construction litigation attorney. After discussion, Director Lusby made a motion to approve payment of Pay Application No. 12, Pay Application No. 13 and a reduction in retainage to 5%, as set out above. Director Ball seconded the motion, with Directors Lusby, Ball and Evans voting in favor and Director Lowery abstaining.

The Board next considered the acceptance of site and/or easement conveyances for facilities constructed or to be constructed for the District. Mr. Valentien reported that the surveyor has commenced work on the easements from Mason & Franz Partners, LP (“M&F”).

The Board next considered the status of storm water quality permits. Mr. Valentien stated that the storm water quality permits for Mason/Franz Storm Trooper, Mason Ranch Detention Pond, Mason Seniors Detention Pond and Westside Office Park Detention Pond are all up to date.

The Board next considered the status of the Flood Mitigation Evaluation. Mr. Valentien presented and reviewed the attached Proposed Detention Pond Modifications Options including option A to decrease the berm width, option B to convert the dry area of the detention pond into a wet bottom or both options. The Board then discussed justifying the lowering of the overflow weir approximately twelve inches (12”) and the potential to purchase five (5) homes within the District that have previously flooded. Mr. Valentien recommended that A&S prepare a cost estimate for options A and B for the Board’s review next month. The Board concurred with the engineer’s recommendation.

The Board next considered a discussion regarding the proposed regional lift station. Mr. Valentien stated that A&S received a response to the project inquiry it submitted two (2) years ago from the HCMUD No. 62 engineer yesterday and will be reviewing same.

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.

Mr. Valentien next reported on the Franz at Elrod development. He presented and reviewed a draft feasibility study for the 6.96 acre tract of land. Mr. Valentien discussed the difficulty in conveying sewage from the tract to the regional WWTP. He stated that A&S recommends preparing a regional plan for the sanitary sewer system at a cost of \$15,000. After discussion, Director Ball made a motion to authorize A&S to prepare a regional plan for providing a sanitary sewer collection system to serve the entire tract located north of Franz Road between Elrod Road and Mason Road at a cost of \$15,000. Director Evans seconded the motion, which unanimously carried.

The Board next deferred consideration of the issuance of utility commitments.

The Board next considered a report on the District’s water, sanitary sewer and storm sewer systems for the month of April. Mr. Wright reported that 95% of the water pumped during the month of April had been accounted for, and that the District's facilities had been operated in compliance with their respective permits.

Mr. Wright next requested that the Board authorize MOC to turn over two (2) delinquent accounts (over \$25.00) in the total amount of \$79.24 to Collections Unlimited (“CU”), as shown on the list attached to the Operator’s Report. After discussion, Director Lusby moved to authorize MOC to turn over the two (2) subject accounts to CU, as set out above. Director Lowery seconded the motion, which passed unanimously.

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 39% of capacity for the month of April.

The Board next considered approval of the Consumer Confidence Report and the authorization of distribution to consumers. After discussion, Director Lusby made a motion to approve the District's Consumer Confidence Report, contingent upon review and approval by MRPC, and to authorize the distribution of same to consumers via the posting on the District website. Director Lowery seconded the motion, which carried unanimously.

The Board next considered alternatives relating to contracting for security patrol in the District. Director Lowery stated that he and Director BeMent met with the President of HCMUD No. 62 and the President and Vice President of the Homeowners Association to discuss the matter. He stated that he would like for Myrtle Cruz to prepare a cost analysis for two (2) full time deputies, five (5) days a week and Saturday night. Director Lowery noted that currently the Williamsburg Homeowners Association pays \$100,000 per year and is considering whether to continue with that security program. He stated that he will have more information for next month's meeting.

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.

The Board next considered matters for possible placement on future agendas.

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
May 28, 2019

1. Landscape Architect Report
2. FEEC report
3. Bookkeeper's Report
4. Tax Assessor Collector's Report
5. Delinquent Tax Report
6. Engineer's Report with related correspondence
7. Operations Report

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