

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 61
Minutes of Meeting of Board of Directors
July 28, 2020

The Board of Directors of Harris County Municipal Utility District No. 61 met by videoconference on July 28, 2020, 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 via videoconference were Jim Ainsworth and Faith Tolson 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 (“FEEC”); Kelly Gard of KGA DeForest Design, LLC (“KGA”); Mark Eyring of Mark C. Eyring, CPA, PLLC (“Eyring”); Mark Elkins of Mason & Franz Partners, LP (“M&F”); Sergeant Conner and Deputy Hardwick of Harris County Sheriff’s Office (“HCSO”); Andrew Johnson, resident; and David Marks, Ben Morse and Miranda Jones Rajevac 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. No one present signed up to address the Board.

The Board next considered approval of the minutes of the Board of Directors meeting held on June 23, 2020. After discussion, Director Ball made a motion to approve the minutes of the meeting held on June 23, 2020, as presented. Director Lowery seconded the motion. A roll call vote was conducted and with all five directors present voting in the affirmative, the motion unanimously carried.

The Board next considered a report relative to security patrol services by the Harris County Sheriff’s Office (“HCSO”). Deputy Hardwick reviewed the attached patrol report for June from the HCSO. He then reported on recent activity in the District, stating that COVID-19 illnesses are causing staffing issues. Deputy Hardwick stated that the HCSO has increased presence in the District due to the increased number of cars speeding and running stop signs. He also reported on several incidences of cars being burglarized and catalytic converters being stolen from those vehicles. He also noted that work vehicles are being burglarized for the power tools inside the vehicles.

Sergeant Conner then reviewed the POV Contract Patrol Report for June and discussed the night shift activities in the District. He stated that the month of June was quiet overall. Director Lowery noted that the patrols have been very effective in the neighborhoods.

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 the status of surface water issues and the West Harris County Regional Water Authority (“WHCRWA”). Director Evans reported that he attended the last teleconference meeting and noted that there was nothing significant to report regarding the WHCRWA.

The Board next considered the financial and investment reports and invoices presented for payment. The Board reviewed the attached bookkeeping reports, investment inventory reports and bills for payment received from Myrtle Cruz, Inc. Ms. Kelsey stated that the check issued for payment to Johnson Fence for Pay Application No. 5 is still being held pending approval of same. After review and discussion, Director BeMent made a motion to approve the reports and authorize the disbursements identified therein. Director Lowery seconded the motion. A roll call vote was conducted and with all five directors present voting in the affirmative, the motion unanimously carried.

The Board requested that an item be added to the next agenda to consider an amendment to the budget for security expenses.

The Board next considered the review of reimbursement analysis from auditor regarding request for reimbursement to Infotm, Inc. related to the Soufan tract. Mr. Eyring presented and reviewed the draft reimbursement audit to the Board. He stated that he calculated that \$298,639.33, including \$17,838.12 of interest, is to be reimbursed to Infotm, Inc. in accordance with the Utility Development Agreement between the District and Infotm, Inc. dated December 19, 2017. He noted that a net effective interest rate of 3.549482% was used and interest was calculated through July 28, 2020. After discussion, Director Ball made a motion to approve the reimbursement audit prepared by Eyring, as discussed above. Director Lowery seconded the motion. A roll call vote was conducted and with all five directors present voting in the affirmative, the motion unanimously carried.

The Board next considered the status of collection of taxes. Ms. Adams reviewed the attached tax assessor’s report and the delinquent tax roll for the month of June. She noted that 99.58% of the District’s 2019 taxes had been collected through June 30, 2020. After review and discussion of the reports, Director BeMent made a motion to approve the reports and authorize the disbursements identified therein. Director Lowery seconded the motion. A roll call vote was conducted and with all five directors present voting in the affirmative, the motion unanimously carried.

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 June 30, 2020. She next reviewed the attached written report dated July 28, 2020, which had been prepared by the District’s delinquent tax attorney, Perdue, Brandon, Fielder, Collins & Mott, L.L.P. No action was necessary with respect to the delinquent tax report.

The Board next considered a report on the District's water, sanitary sewer and storm sewer systems for the month of June. Mr. Wright reported that 97% of the water pumped during the month of June had been accounted for, and that the District's facilities had been operated in compliance with their respective permits.

Mr. Wright reported that MOC used a vactor to top clean the lift station at 2243 N. Mason Road this past month.

Mr. Wright next requested that the Board authorize MOC to turn over one (1) delinquent account (over \$25.00) in the total amount of \$71.12 to Collections Unlimited ("CU"), as shown on the list attached to the Operator's Report. After discussion, Director BeMent moved to authorize MOC to turn over the one (1) subject account to CU, as set out above. Director Ball seconded the motion. A roll call vote was conducted, and with all five directors present voting in the affirmative, the motion unanimously carried.

The Board next discussed the process for handling customers who may not be able to pay their water bills due to the current COVID-19 pandemic. Mr. Wright asked whether to continue waiving penalties for late payments and disconnection of water service. The Board discussed proceeding with the normal termination procedures outlined in the Rate Order. Mr. Wright stated that the turn-off language will be added back to the delinquent letters and MOC will pursue certain accounts to set-up a payment plan. After discussion, Director Lusby made a motion to proceed with the District's normal termination procedures outlined in the Rate Order and to authorize MOC to negotiate payment plans with any customers that may have trouble paying their bills timely. Director BeMent seconded the motion. A roll call vote was conducted, and with all five directors present voting in the affirmative, the motion unanimously carried.

Director BeMent asked about an account listed on the list of write-offs and stated that he does not believe that the subject account is in the District. Mr. Wright stated that he will research the matter and report back to the Board.

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 41% of capacity for the month of June.

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. Ainsworth reviewed the attached report.

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. Ainsworth stated that Skybox has experienced delays to COVID-19 and expect further updates in the fourth quarter of 2020.

The Board next considered review of bids and approval of award of contract for the weir elevation modification. Mr. Ainsworth stated that A&S received approval from the Harris County Flood Control District ("HCFCD") and Harris County Engineering Department. He also stated that the Army Corps of Engineers Nationwide Permit No. 7 was submitted for the project. Mr. Ainsworth discussed the schedule for soliciting bids for the project and the estimated cost of the

project. The Board further discussed an Application to the Texas Commission on Environmental Quality (“TCEQ”) for Approval to Use Surplus Funds. Mr. Marks noted that an item will be added to the agenda for next month’s meeting to consider same. The Board took no action on the matter at this time.

The Board next considered the status of the construction contract with Aranda Industries, LLC (“Aranda”) for Waterline Replacement, Phase II. Mr. Ainsworth stated that the Notice to Proceed was issued for July 20, 2020. He stated that Aranda was having a hard time finding a laydown and staging area and that the preferred location is on the Williamsburg Settlement Maintenance Association’s (“WSMA”) property north of Colonial Parkway. Mr. Ainsworth stated that Director Ball was coordinating with the WSMA and received verbal approval for use of the property. Director Ball stated that MRPC has prepared a proposed form of Temporary Construction Easement with WSMA, which is in the process of being reviewed by WSMA. After discussion, Director Lusby made a motion to accept the easement, subject to WSMA’s comments and approval of same by MRPC. Director BeMent seconded the motion. A roll call vote was conducted, and with all five directors present voting in the affirmative, the motion unanimously carried.

The Board next considered the acceptance of site and/or easement conveyances for facilities constructed or to be constructed for the District. Mr. Morse reported on the acceptance of revised easements for Mason & Franz Partners, LP (“M&F”) development and the abandonment of previously accepted easements in exchange for same. After discussion, Director Lusby made a motion to accept the subject revised easements for the M&F development and approve abandonment of the previously accepted easements and authorize the President to execute same on behalf of the Board and the District. Director BeMent seconded the motion. A roll call vote was conducted, and with all five directors present voting in the affirmative, the motion unanimously carried.

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

The Board next considered a discussion regarding the proposed regional lift station and concurred that the item be removed from the agenda.

Mr. Ainsworth reported on the status of the M&F development. He stated that a punch list item to complete the force main connection is outstanding. Mr. Elkins asked about the status of installing the meters. Mr. Wright stated that he will look into the matter and contact Mr. Elkins regarding same.

The Board next considered the status of annexation requests. Mr. Ainsworth reminded the Board that A&S was contacted by an engineering firm for the 6.96-acre tract for a grocery distribution center. He reviewed the draft feasibility study with the Board stating that the development is proposed as mixed-use office and warehouse facility. Mr. Ainsworth stated that the applicant provided a projected assessed valuation of the land to be \$1,316,021 and an assessed valuation of the improvements on the land to be \$15,000,000. He stated that there is adequate well capacity, booster pump capacity and ground storage tank capacity but there is not adequate

pressure tank capacity to serve the proposed fourteen (14) equivalent single-family connections. He noted that, due to continued development in the District, the District is required to have pressure tank capacity from an elevated storage tank (“EST”). Mr. Ainsworth requested authorization for A&S to advise the applicant that the District can serve the project, subject to receipt of an EST variance from the TCEQ, and to prepare an EST variance request to the TCEQ. After discussion, Director BeMent made a motion to authorize A&S to advise the applicant that the District can serve the project, subject to receipt of an EST variance from the TCEQ, and authorize A&S to prepare an EST variance request to the TCEQ. Director Lowery seconded the motion. A roll call vote was conducted and with all five directors present voting in the affirmative, the motion unanimously carried.

The Board next considered the issuance of utility commitments. No one present had anything new to report.

The Board next considered the status of the contract with Johnson Fence, Ltd. (“JF”). Mr. Gard reported that the lights are scheduled to be delivered in mid-August and installed by August 31, 2020. He next presented Pay Application No. 5 in the amount of \$19,800.00 and recommended that the Board approve payment of same. The Board deferred approval of Pay Application No. 5 until such time that the lights have been delivered on site.

Mr. Gard next reported that KGA is coordinating with CenterPoint Energy (“CE”) on the electrical hookup and pole requirement. He stated that he is also trying to resolve the issue with the electrical hook-up. Mr. Morse reported that he reviewed the District’s easement with CE and he discussed his conversations with CE on the matter. He stated that CE is requesting more information on what proposed items will be within the area covered by the easement. Mr. Marks also discussed the District’s options and recommended that the Board hold off taking any action for a week to see whether MRPC can make any progress with CE. Director Lusby requested that the Board move forward with the project by August. The Board took no action on the matter at this time.

Mr. Gard reminded the Board of the proposal from JF in the amount of \$3,800 for the removal of existing underground conduit and wiring, and installation of sub meter pole with overhead wiring and attached to existing underground wiring to existing meter rack, per CE. He then presented an additional proposal from LG Electrical to install the light pole and necessary electrical connections for \$3,200. He stated that the JF proposal, if approved by the Board, will be prepared as Change Order No. 10 to the contract. The Board requested clarification of plans prior to the approval of the Change Order. The Board took no action on the matter at this time.

Mr. Gard next presented Change Order No. 7 in the amount of \$2,312.00 for a pet water fountain, Change Order No. 8 in the amount of \$2,900 to move electrical channel and Change Order No. 9 for a deduction of \$1,620 for overseeding, and recommended that the Board approve payment of same. Mr. Gard presented an executed TEC Form 1295 for each Change Order. After discussion, Director Lusby made a motion to approve Change Order Nos. 7, 8 and 9, with the finding that such Change Orders are necessary and beneficial to the District. Director Ball seconded the motion. A roll call vote was conducted and with all five directors present voting in the affirmative, the motion unanimously carried.

Mr. Marks next discussed certain requirements imposed by Senate Bill 2 which sets limitations on the amount that certain municipal utility districts can increase their property taxes without triggering elections to approve such increases. In connection therewith, Mr. Marks presented the attached Resolution designating the District as a “Developing District” pursuant to Section 49.23602 of the Water Code and noted that the District’s engineer had certified such designation. After discussion, Director BeMent made a motion to approve the Resolution and authorize the President and Secretary to execute same on behalf of the Board and the District. Director Lowery seconded the motion. A roll call vote was conducted and with all five directors present voting in the affirmative, the motion unanimously carried.

The Board next considered the appointment of a Board member to serve as the District’s voting member representative for purposes of the 2020 Association of Water Board Directors (“AWBD”) Trustee election. The Board suggested nominating Director Evans to serve as the District’s voting member. After discussion, Director Ball made a motion to appoint Director Evans as the District’s voting member representative for purposes of the 2020 AWBD Trustee election. Director BeMent seconded the motion. A roll call vote was conducted and with all five directors present voting in the affirmative, the motion unanimously carried.

The Board next considered engagement of Arbitrage Compliance Specialists, Inc. relative to the District’s Series 2015 Unlimited Tax Bonds. Mr. Marks presented the engagement letter and executed TEC Form 1295 for the Board’s approval. After discussion, Director BeMent made a motion to approve the engagement letter and to authorize the President to execute same on behalf of the Board and District. Director Lowery seconded said motion. A roll call vote was conducted and with all five directors present voting in the affirmative, the motion unanimously carried.

The Board next deferred a discussion regarding a proposed park around the detention pond.

The Board next considered the calling of a Directors Election to be held on November 3, 2020, determining the procedure for giving notice of same, and the adoption of an Order in connection therewith, including the appointment of an agent for the District in connection therewith, and the approval of any joint election agreements amount the District and other participating entities as authorized by the Texas Election Code. Mr. Marks presented the Order calling such election to be held on November 3, 2020. It was noted that the terms of office of Directors Lusby, Ball and Evans would expire in November 2020. Mr. Marks advised the Board that notice of the election could be given by one or more of the following methods: (1) publishing the notice in a newspaper published in the territory of the District or of general circulation in the District at least ten (10) days before the election, but not more than thirty (30) days before; (2) posting the notice at a public place in the District at least twenty-one (21) days before the election; or (3) mailing the notice to each registered voter in the District at least ten (10) days before the election. Mr. Marks further advised that, in addition to the above, notice must be posted at the location used for posting notices of the meetings at least twenty-one (21) days before the election. After discussion, Director Ball moved to: 1) adopt the Order Calling Directors Election as set forth above, 2) authorize the District to enter into any joint election agreements with Harris County and other participating entities as authorized by the Texas Election Code, and 3) to give notice of the election by posting at a public place in the District and by posting at the location where notices of the meetings are posted. Director Lowery seconded the motion. A roll call vote was conducted and with all five directors present voting in the affirmative, the motion unanimously carried.

Mr. Marks next advised the Board that an agent should be appointed to perform election duties in connection with the Directors Election. After discussion on the matter, Director Ball moved that the Notice of Appointed Agent appointing the law office of Marks Richardson PC as agents be adopted, that the President and Secretary be authorized to execute the Notice on behalf of the Board and the District, and that the attorneys of the District be instructed to handle the mechanics of said election. Director Lowery seconded the motion, which unanimously carried.

The Board next considered matters for possible placement on future agendas. The Board then discussed holding the next meeting via video conference.

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

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Secretary, Board of Directors

ATTACHMENTS TO MINUTES OF BOARD OF DIRECTORS
July 28, 2020

1. Patrol Report from HCSO/Off-Duty Report
2. FEEC Report
3. Bookkeeper's Report
4. Draft Reimbursement Audit from Eyring
5. Tax Assessor Collector's Report
6. Delinquent Tax Report
7. Operations Report
8. Engineer's Report with related correspondence
9. Landscape Architect Report from KGA
10. Resolution Designating Development Status of District