

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 61
Minutes of Meeting of Board of Directors
September 22, 2020

The Board of Directors of Harris County Municipal Utility District No. 61 met by videoconference on September 22, 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, Faith Despard, and Andrew Johnson of A&S Engineers, Inc. (“A&S”); Lonnie Wright of Municipal Operations & Consulting, Inc. (“MO&C”); Chris Linn 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”); Anthea Moran of Masterson Advisors LLC (“Masterson”); Sergeant Conner and Deputy Hardwick of Harris County Sheriff’s Office (“HCSO”); and David Marks and Ben Morse 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 August 25, 2020. After discussion, Director Ball made a motion to approve the minutes of the meeting held on August 25, 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 August from the HCSO and discussed recent activity in the District.

Sergeant Conner then reviewed the POV Contract Patrol Report for August and discussed the night shift activities in the District.

The Board next considered approval of an Amendment to the Security Patrol Agreement with Harris County Municipal Utility District No. 62 (“HCMUD 62”). Mr. Marks discussed his conversations with HCMUD 62’s attorney and revising the cost sharing agreement to include the POV charges. After discussion, Director Ball made a motion to approve the Amendment to the Security Patrol Agreement with HCMUD 62, and to authorize the President 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 discussed the POV charges from inception of the Agreement to the current billings and collections. Ms. Linn stated that she will update the cost sharing and forward to the Board for review within the next week.

The Board next discussed posting requirements for meeting materials, including the security reports. Director Lowery advised that he will provide MRPC with the security report approximately two (2) weeks in advance of Board meetings for posting on the District's meeting website.

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

The Board next considered the status of surface water issues and the West Harris County Regional Water Authority ("WHCRWA"). Director Evans reviewed correspondence from the WHCRWA advising of a rate increase of \$0.25 per 1,000 gallons of water effective January 1, 2021.

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. After review and discussion, Director Ball made a motion to approve the reports and authorize the disbursements identified therein. Director Evans 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 adoption of an operating budget for the fiscal year ending October 31, 2021. The Board deferred action on the matter until next month's meeting.

The Board next considered the status of collection of taxes. The Board reviewed the attached tax assessor's report and the delinquent tax roll for the month of August. It was noted that 99.70% of the District's 2019 taxes had been collected through August 31, 2020. After review and discussion of the reports, Director Ball made a motion to approve the reports and authorize the disbursements identified therein. 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.

There was next a discussion regarding the status of the District's delinquent tax accounts. The Board reviewed the attached Delinquent Collections Listing as of August 31, 2020. The Board next reviewed the attached written report dated September 22, 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 received the Financial Advisor's recommendation concerning the establishment of the District's 2020 tax rate and the consideration of a proposal of the District's 2020 tax rate. Ms. Moran reviewed the attached 2020 Debt Service Tax Rate Recommendation

which included the financial advisor's recommendation that the District levy a 2020 total combined tax rate of \$0.46 consisting of \$0.31 debt service and \$0.15 maintenance tax. After discussion, Director Lusby made a motion authorizing the District's Tax Assessor/Collector to publish notice of a public hearing on the adoption of a combined proposed 2020 tax rate of \$0.46 per \$100 of assessed valuation to be held at the District's next regular meeting. Director Ball 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 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 or early 2021.

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 and A&S awaits comments to same. Director Ball asked when A&S will advertise for bids for the project.

The Board next considered the status of the construction contract with Aranda Industries, LLC ("Aranda") for Waterline Replacement, Phase II. Mr. Ainsworth stated that construction activity continues, and he reviewed the updated exhibit showing the approximate schedule for Aranda. He then presented Pay Application No. 1, in the amount of \$193,384.80, and recommended payment of same. After discussion, Director Ball made a motion to approve Pay Application No. 1, in the amount of \$193,384.80, 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 acceptance of site and/or easement conveyances for facilities constructed or to be constructed for the District. Mr. Ainsworth reported that he had nothing new to report.

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 Ranch Detention Pond, Mason Seniors Detention Pond and Westside Office Park Detention Pond are all up to date.

Mr. Ainsworth reported on the status of the Mason & Franz development. He stated that a punch list item to complete the force main connection is outstanding. Mr. Ainsworth stated that the punch list item to complete the force main connection is outstanding. Mr. Morse then reported that one of the previous easements approved by the Board requires a revision into two separate easements as the developer sold off a tract and did not convey the information. He recommended that the Board accept the easements, subject to execution by the developer. After discussion, Director BeMent made a motion to accept the subject easements, and to authorize the President 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 approval of plans for the modifications of the Franz Road Sheet Flow Road Adjustments. Mr. Ainsworth stated that the approximate cost of the project is \$250,000. He recommended that the Board authorize A&S to prepare preliminary drawings at a cost of \$5,000 for the Board's review. After discussion, Director BeMent made a motion to authorize A&S to prepare preliminary plans for the project, at a cost not to exceed \$5,000. Director Ball seconded the motion, which unanimously carried.

The Board next considered approval of an Application to the TCEQ for Approval for Use of Surplus Construction Funds. The Board discussed using surplus funds for the Williamsburg Water Plant Improvements, Weir Elevation Modifications, Franz Road Lift Station Improvements and Elevated Storage Tank Variance. The Board concurred that it should, if permitted, apply surplus funds to finance such projects. After discussion, Director Ball made a motion to adopt the Resolution Authorizing Use of Surplus Funds and Interest Earned on Construction Funds, and to authorize the President and Secretary to execute same on behalf of the Board and the District. Director Evans 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 the elevated storage facility variance. Mr. Ainsworth reported that A&S is currently working on the elevated storage tank variance request to the Texas Commission on Environmental Quality ("TCEQ") and is coordinating with MOC on same.

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 issuance of utility commitments. No one present had anything new to report.

The Board next considered a report on the District's water, sanitary sewer and storm sewer systems for the month of August. Mr. Wright reported that 103% of the water pumped during the month of August 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 46% of capacity for the month of August.

The Board next considered the review and approval of a Service Maintenance Agreement with Lake Management Services, L.P. ("LMS") Mr. Ainsworth presented and reviewed the attached Agreement from LMS for the monthly lake management schedule and scope of work for the period January 1, 2021 through December 31, 2021, for an annual cost of \$9,500. He noted that an 8% increase was added to the agreement. Director Ball recommended that A&S solicit proposals for the Board's review. The Board deferred action on the matter at this time.

The Board next considered the status of the contract with Johnson Fence, Ltd. (“JF”). Mr. Gard reported that the emergency call box was hooked up on August 25, 2020. He stated that the lights were delivered to JF on September 11, 2020 and installed on September 17, 2020. Mr. Gard stated that the final turnover walkthrough is scheduled for September 23, 2020. He next presented Pay Application No. 5 in the amount of \$19,800.00, and Pay Application No. 6, in the amount of \$11,386.80, and recommended that the Board approve payment of same. After discussion, Director Ball made a motion to approve payment of Pay Application No. 5 and Pay Application No. 6, as set out above. Director Lusby 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 review of the arbitrage compliance report from Arbitrage Compliance Specialists, Inc. relative to the District’s Series 2015 Unlimited Tax Bonds. Mr. Marks presented the attached report and noted that no action was required at this time.

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
September 22, 2020

1. Patrol Report from HCSO/Off-Duty Report
2. Correspondence from WHCRWA
3. Bookkeeper's Report
4. Tax Assessor Collector's Report
5. Delinquent Tax Report
6. Tax Rate Recommendation
7. Engineer's Report with related correspondence
8. FEEC Report
9. Operations Report
10. Lake Management Services, LP proposal
11. Landscape Architect Report from KGA
12. Arbitrage Compliance Report