

MINUTES OF MEETING OF BOARD OF DIRECTORS
September 15, 2020

THE STATE OF TEXAS
COUNTY OF HARRIS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 55

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 55 (the "District") convened in regular session on Tuesday, September 15, 2020 at 6:00 p.m. via teleconference pursuant to Section 551.125, Texas Gov't Code as modified by the temporary suspension of certain provisions thereof pursuant to guidelines issued by the Texas Attorney General and approved by the Governor for use during the COVID-19 statewide disaster. A roll call was taken of the persons present:

Robert L. Squires, President
Sam Longoria, Vice President
Gabriel Mendez, Secretary
Richard Klenk, Treasurer
Vacant, Assistant Secretary

All members of the Board were present in person Also attending all or parts of the meeting in person were Mr. Tom Hoff of the Forest Bend Fire Department; Mr. Nelson Gaez of Brown & Gay Engineers, Inc. ("BGE"), engineer for the District; and Mr. Chris Wilson of Si Environmental ("Si"), operator for the District;

Attending all or parts of the meeting via teleconference were Ms. Kandy Pfeffer of ETI Accounting Services ("ETI"), bookkeeper for the District; Ms. Vicki Sullivan of Equi-Tax, Inc., tax assessor and collector for the District; Mr. Reginald Wilson and Ms. Shaila Sreedharan of Norton Rose Fulbright US LLP ("NRF"), attorney for the District; Mr. Scott Gray of Champions Hydro-Lawn, Inc. ("Champions"); Ms. Lauren Smith of Public Finance Group, financial advisor for the District; and Mr. Iggy Grillo and Mr. Alex White of PinPoint Commercial LP.

Pursuant to Section 551.054, Texas Gov't Code, as modified by the temporary suspension of certain provisions thereof, notice of the meeting was posted on the District's website within the time limits prescribed by law. A certificate of such posting is attached hereto as *Exhibit A*. The agenda packet was posted on the website as items became available in compliance with the guidelines issued by the Texas Attorney General.

Call to Order. Mr. Wilson called the meeting to order. He noted that the meeting was being held by teleconference in accordance with federal, state and county directives to slow the spread of COVID-19 by avoiding meetings that bring people together. He said the notice of the meeting included a toll-free dial-in number for members of the public to call so they can hear the meeting and address the Board. He noted that the meeting was being recorded and a recording would be available upon public request. Mr. Wilson then set out guidelines for the conduct of the meeting. Mr. Wilson turned the meeting over to President Squires.

- 1. Public Comments.** There were no public comments.
- 2. Approve Minutes** The Board considered the minutes of the August 18, 2020 meeting, copies of which was previously distributed to the Board. Upon motion by Director

Longoria, seconded by Director Klenk, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of August 18, 2020, as presented.

3. Forest Bend Fire Department Report. Mr. Hoff reviewed runs for the month of August. He also reported on the service calls within the month and discussed the August budget activity. Discussion ensued regarding the Open House plans for 2021.

4. Tax Assessor and Collector's Report. Ms. Sullivan presented to and reviewed with the Board the Tax Assessor and Collector's Report and the SPA Report for August 2020, a copy of which is attached hereto as *Exhibit B*. Ms. Sullivan reported that as of August 31, 2020, the District has collected 99.0% of taxes for 2019.

Ms. Sullivan reported on the delinquent tax attorney report, stating that the delinquent tax attorney is requesting approval to send water termination letters to 18 delinquent tax accounts. She stated that if the customer contacts the office for payment or to request a payment plan, the water will not be terminated. Upon motion by Director Klenk, seconded by Director Longoria, after full discussion and the question being put to the Board, the Board voted unanimously to authorize the delinquent tax attorney to send water termination letters to 18 delinquent tax accounts.

Ms. Sullivan requested approval to move 21 accounts to the uncollectible roll. Upon motion by Director Klenk, seconded by Director Longoria, after full discussion and the question being put to the Board, the Board voted unanimously to move 21 accounts to the uncollectible roll.

Ms. Sullivan reviewed the SPA Report with the Board.

Upon motion by Director Klenk, seconded by Director Longoria, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Tax Assessor and Collector's Report, to approve the execution of the checks as presented.

5. Receive financial advisor's tax rate recommendation for 2020 and take any necessary action. Ms. Smith presented to and reviewed with the Board the Tax Rate Analysis, a copy of which is attached hereto as *Exhibit C*. She stated that the 2020 certified value for the District is \$941,767,505 and recommended that the District maintain the \$0.40 debt service tax rate.

Mr. Wilson and Ms. Smith reviewed Senate Bill No. 2 and stated that the District is designated a developed District.

Upon motion by Director Longoria, seconded by Director Klenk, after full discussion and the question being put to the Board, the Board voted unanimously to authorize the tax assessor to publish a \$0.40 tax rate for 2020.

6. Bookkeeper's Report and Investment Report. Ms. Pfeffer presented to and reviewed with the Board the Bookkeeper's Report for August 2020, the 2020 Energy Usage Report, the Budget for fiscal year ending December 31, 2021, and the Investment Report, copies of which are attached hereto as *Exhibit D*.

Ms. Pfeffer reported that the Certificate of Deposit ("CD") at Texas Exchange Bank in the debt service fund will mature on September 28, 2020. She stated that she will meet with Director Klenk prior to the maturity date to discuss investment options.

Discussion ensued regarding the current budget and the expenditures for the City of Houston true-up for the Southeast Plant 96 inch line.

Discussion ensued regarding the next fiscal year budget. President Squires reported that the City of Houston will not require payments towards the Capital Improvement Plan to the co-participants until 2022.

Upon motion by Director Klenk, seconded by Director Mendez, after full discussion and the question being put to the Board, the Board voted unanimously to accept the Bookkeeper's Report and the Investment Report, and to approve execution of the checks presented.

Director Mendez entered the meeting during the Bookkeeper's Report.

7. Operations Report, Including Review and Approval of Maintenance Items and Delinquent Report. Mr. Wilson presented to and reviewed with the Board the Operations Report and Maintenance Report for the month of August 2020, a copy of which is attached hereto as *Exhibit E*.

Mr. Wilson reported that leaking taplines was replaced at Signal Hill and Fife and at 2831 Pilgrims Point.

Mr. Wilson reported that a leaking U-branch that was replaced at 15923 Blue Mesa.

Mr. Wilson reported that a leaking vale was repaired at 3702 Summer Cove.

Mr. Wilson reported that all of the fire hydrants were inspected and that missing reflectors were replaced.

Mr. Wilson reported that 51 water meters were replaced as per the District meter change out program with meters over 1,000,000.

Mr. Wilson reported that preventative maintenance on the generator was completed at the fire station.

Mr. Wilson reported on a waterline repair at 3714 Norwood Glen.

Mr. Wilson reported Si jetted the lines at 2203 Pilgrims Point and 2310 Heritage Bend to clear the blockage.

Mr. Wilson reported on a sanitary repair a 2906 Early Turn Drive.

Mr. Wilson reported on the lift station maintenance in the month of August.

Mr. Wilson reported on the water plant maintenance in the month of August.

Mr. Wilson reported that the accountability was 93.85% for the period between June 2020 and July 2020.

Mr. Wilson reviewed the cut off list with the Board. He stated that a handful of customers contacted Si to discuss their water bills and request payment extensions.

Upon Motion by Director Longoria, seconded by Director Klenk, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Operations Report and to execute the delinquent list.

8. Engineer's Report. Mr. Gaez presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as *Exhibit F*, and which follows in substantially the form it was presented:

a. **Commercial Reviews**

1. **Beamer Villas:** Mr. Gaez reported that there are no new updates to report.

2. **El Dorado Tracts:**

Mr. Gaez reported that the developer submitted revised construction plans for the Allora Apartments (9.13 Acre Family Tract) and that the plans are under review. He reported that the development will require two water meter and one waterline easement.

Mr. Gaez reported on the 123 Unit Senior Living Facility (6.77 Acres at El Dorado Boulevard and Beacons View), stating that WGA. Inc. has submitted the construction plans that are currently under review with BGE.

3. **ACES AC Warehouse (Ellis Business Park):** Mr. Gaez reported that there are no updates at this time and that the District has not received formal capacity request from the developer.

b. **Capacity Requests.**

1. Trammell Crow Request of Adjustment to Capacity Reservation (9.13 acre tract). Mr. Gaez reported that Trammell Crow Residential is requesting a 90 day extension on closing of the parcel of land as stipulated in the last revised capacity commitment letter. He stated that they do not foresee construction beginning prior to the expiration of the 60 day stipulation in the letter.

2. Request of Adjustment to Capacity Reservation (6.77 acre tract). Mr. Gaez reported that Prosperity Plaza has submitted a request for the District to grant a 12 month extension to the stipulation on the capacity reservation letter which states that construction must start by November 21, 2020. He stated that they are also requesting a consent to assignment letter allowing the capacity to be assigned to another party upon closing of the parcel by November 30, 2020.

Mr. Gaez recognized Mr. Grillo and Mr. White, so discussed the above requests. Mr. White reported that Trammel Crow Residential is requesting a three month extension and that they still anticipate to close with PinPoint in late November, early December, but the construction date will be pushed back. Mr. White discussed the issues with the construction, stating that they are due to COVID-19 and communication with the equity providers.

Upon motion by Director Klenk, seconded by Director Mendez, after full discussion and the question being put to the Board, the Board voted unanimously to approve the construction extension to February 21, 2021.

Mr. Grillo then discussed the request for the 12 month extension for the 6.77 acre tract. He stated that due to COVID-19, the project has been delayed and they are now working on the plans and specifications. Discussion ensued regarding an anticipated scheduled.

Mr. Grillo requested approval to allow the assignment to be transferred to another party upon closing.

Upon motion by Director Mendez, seconded by Director Longoria, after full discussion and the question being put to the Board, the Board voted unanimously to approve the 12 month extension and approve the assignment letter allowing capacity to be assigned to another party upon closing.

c. BGE Authorized Projects:

1. **2020 Bond Issue Report.** Mr. Gaez reported that he is working on adding the 2020 certified value information to the bond application report.
2. **Emergency Preparedness Plan (“EPP”).** Mr. Gaez reported that BGE coordinated with Si and NRF to update the District's EPP and that it was submitted to the Texas Commission on Environmental Quality. He stated that once approved, it will be distributed to the applicable regional public offices.

d. COH / County Projects

1. **City of Houston (“COH”) Southeast Transmission Line (surface water line):** Mr. Gaez reported that the City of Houston submitted a letter dated August 28, 2020, explaining that the engineer of record for the 42 inch southeast transmission line project has suggested to separate the abandonment of the existing water line from the contract to build the new 42 inch line. Discussion ensued regarding the benefit of the separation of the scope.

Mr. Gaez stated that the City of Houston will hold a meeting on September 17, 2020 to present Garver as the new technical advisor.

Upon motion by Director Klenk, seconded by Director Longoria, after full discussion and the question being put to the Board, the Board voted unanimously to authorize President Squires to respond in favor to the letter from regarding splitting the contract as recommended by the engineer of record.

2. **Blackhawk Treatment Plant.** Mr. Gaez reported that he does not have any updates to report.

Director Klenk discussed the new subdivision in Friendswood and if the Blackhawk Treatment Plant will be able to handle the new connections. Mr. Gaez reported that as of now, the Blackhawk Treatment Plant does have the available capacity. Discussion ensued regarding the options if the Blackhawk Treatment Plant runs out of capacity.

Mr. Gaez also discussed the surplus funds that were used for the water leak detection program and requested that an agenda item be added to the October agenda regarding approval of the Resolution for use of Surplus Funds.

Upon motion by Director Klenk, seconded by Director Longoria, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Engineer's Report.

9. Park and Recreational Facility Report. President Squires recognized Mr. Gray, who presented to and reviewed with the Board the Parks and Recreational Facilities Report, a copy of which is attached hereto as *Exhibit G*. He reported that there are no issues. Mr. Gray reported that the fall over-seeding and fertilization will occur in October.

10. Sewage Treatment Plant Operations Report. President Squires reported that there are no issues to report.

11. Discuss Southeast Water Plant Report. President Squires reported that he has attended a few of the meetings and that there are no issues with the water plant.

12. Windsor EMS, Inc. Report. President Squires reported that there was an issue with Windsor EMS, Inc. over the weekend regarding the truck response to a call. He stated that he will contact Alton Henderson to discuss the issue. Discussion ensued.

President Squires also reported that previous Director Malcolm Swinney received a demand letter from an attorney regarding the Lease Agreement with respect to CLEMC's early termination of its lease. President Squires requested that Mr. Wilson check on the potential liability of the District. President Squires further stated that CLEMC's attorney handled the dissolution process, and that it may be beneficial to have a conversation the attorney. Mr. Wilson stated that he would follow up.

13. Discuss Maintenance of District Facilities. President Squires reported that there are issues with one of the ambulances. He also stated that the meeting room was used over the past weekend and the room was left a mess.

14. Discuss Board vacancy and take any necessary action. The Board agreed to defer this item.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD,
THE MEETING WAS ADJOURNED.

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The above and foregoing minutes were passed and approved by the Board of Directors on **October 20 2020.**

President, Board of Directors

ATTEST:

Secretary, Board of Directors