

MINUTES OF MEETING OF BOARD OF DIRECTORS
March 17, 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") met in regular session, open to the public, at 2300 Pilgrims Point, Webster, Texas, on Tuesday, March 17, 2020, whereupon the roll was called of the members of the Board, to-wit:

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

All members of the Board were present. Also attending all or parts of the meeting in person were Mr. Chris Wilson of Si Environmental ("Si"), operator for the District; 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 of Norton Rose Fulbright US LLP ("NRF"), attorneys for the District; and Mr. Tom Hoff of the Forest Bend Fire Department.

Attending all or parts of the meeting via teleconference were Mr. Tom Dillard of Champions Hydro-Lawn, Inc. ("Champions"); Mr. Alton Henderson from Windsor EMS, Inc.; Mr. Nelson Gaez of Brown & Gay Engineers, Inc. ("BGE"), engineer for the District; Ms. Shaila Sreedharan of NRF, paralegal for the District; and Ms. Lauren Smith of Public Finance Group, LLC, financial advisor for the District.

The meeting was called to order in accordance with notice posted pursuant to law, copies of the Certificates of Posting of which are attached hereto as *Exhibit A*, and the following business was transacted:

- 1. Public Comments.** There were no public comments.
- 2. Approve Minutes** The Board considered the minutes of the February 18, 2020 meeting, copies of which was previously distributed to the Board. 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 minutes of February 18, 2020.
- 3. Forest Bend Fire Department Report.** Mr. Hoff reviewed runs for the month of February. He reported on the service calls within the month. He provided an update on equipment upgrades/repairs and budget activity within the month.
- 4. Windsor EMS, Inc. Report.** Mr. Henderson presented to and reviewed with the Board the Windsor EMS, Inc. ("Windsor") report for February 2020, a copy of which is attached hereto as *Exhibit B*. He stated that Windsor responded to 52 calls within the month. Mr. Henderson reported that the average response time was five minutes and fifty-nine seconds. Mr. Henderson reported that 98% of the response times were under the contract agreed upon response time of seven minutes and fifty-nine seconds.

5. **Approve audit for fiscal year ended December 31, 2019.** This item was deferred.

6. **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 February 2020, a copy of which is attached hereto as *Exhibit C*. Ms. Sullivan reported that as of February 29, 2020, the District has collected 95.9% of taxes for 2019.

Ms. Sullivan reviewed the SPA Report with 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 Tax Assessor and Collector's Report, to approve the execution of the checks as presented.

7. **Bookkeeper's Report and Investment Report.** Ms. Pfeffer presented to and reviewed with the Board the Bookkeeper's Report for February 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*.

Upon motion by Director Swinney, seconded by Director Klenk, 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.

8. **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 February 2020, a copy of which is attached hereto as *Exhibit E*.

Mr. Wilson reported that Si replaced the bolts and gaskets on the valve at 16119 Copper Canyon.

Mr. Wilson reported that Si replaced leaking curbstops and meters to fix leaks at 17046 Coachmaker, 16851 Bending Creek, and 4734 Ten Sleep.

Mr. Wilson reported that Si updated the Texas Commission on Environmental Quality ("TCEQ) monitoring plan and submitted it to the TCEQ.

Mr. Wilson reported on manhole repairs at 16003 Blue Mesa Ridge and 4911 Quiet Canyon.

Mr. Wilson reported that Si jetted lines to clear the blockage at 3000 FM 528, 2843 English Colony, and 2121 Bay Area Boulevard, Building no. 1.

Mr. Wilson reported that Si televised the line and found a break on the resident line at 2834 Sailors Moon.

Mr. Wilson reported on the February repairs and maintenance at the Signal Hill Lift Station L3, the Blue Mesa Lift Station L2, and the St. Lawrence Lift Station L1.

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

Mr. Wilson reported that the accountability was 79.23% for the period between December 2019 and January 2020.

Mr. Wilson reviewed the cut off list with the Board. Discussion ensued regarding the water termination during the COVID-19 epidemic.

Upon Motion by Director Longoria, seconded by Director Swinney, after full discussion and the question being put to the Board, the Board voted unanimously to: (1) approve the Operations Report; (2) to approve the distribution of late notices for resident water accounts; and (3) suspend late fees, disconnection fees, and water termination for residents until the Board's May 2020 meeting. At that time, the Board will reassess.

9. 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. Mr. Gaez reported that he has attempted to contact the developer, but has not received any response.
2. El Dorado Tracks: Mr. Gaez reported that the development is under design for the 9.13 acre multi family tract. He reported that BGE requested a \$2,500 plan review deposit. He stated that that the developer stated that he submitted the check to the bookkeeper.

b. Capacity Requests.

1. 9.13 acre multi family tract: Mr. Gaez reported that the developer is requesting that the capacity allocated to Friendswood Multifamily, LLC for the 9.13 acre tract be reallocated to Maple Multifamily, LLC, subject to closing on the property within 60 days from the date of the revised capacity letter.

Upon motion by Director Swinney, seconded by Director Klenk, after full discussion and the question being put to the Board, the Board voted unanimously to deny the reallocation request for the 9.13 acre multi family tract.

2. 6.77 acre tract: Mr. Gaez reported that the developer is requesting that the capacity allocated to Prosperity Plaza, LP for the 6.77 acre tract be reallocated to Pinpoint Commercial, LP, subject to closing on the property within 120 days from the date of the revised commitment letter.

Upon motion by Director Swinney, seconded by Director Klenk, after full discussion and the question being put to the Board, the Board voted unanimously to deny the reallocation request for the 6.77 acre tract.

c. BGE Authorized Projects:

1. **Water Plant No. 1 GST Replacement:** Mr. Gaez reported that the contractor is currently addressing the punch list items that were identified

during the inspection. He presented Pay Estimate No. 13 in the amount of \$3,028.50.

Upon motion by Director Swinney, seconded by Director Klenk, after full discussion and the question being put to the Board, the Board voted unanimously to approve Pay Estimate No. 13 in the amount of \$3,028.50.

Mr. Gaez reported that after the generator enclosure was power washed and cleaned, coating deficiencies and the steel delamination was identified and BGE recommends addressing the issues. He stated that Nunn, Ltd. estimates that the coating repairs will be in the amount of approximately \$11,600, excluding the metal repairs. Mr. Gaez reported that the Board can approve a change order not to exceed \$18,000 for the repairs. Discussion ensued regarding the repair costs and the associated change order. Mr. Gaez reported that BGE can obtain additional estimates for the repair. The Board requested that BGE obtain three additional cost estimates.

Upon motion by Director Swinney, seconded by Director Klenk, after full discussion and the question being put to the Board, the Board voted unanimously to deny the change order in an amount not to exceed \$18,000 and to authorize BGE to obtain additional cost estimates for the generator repair.

Mr. Gaez reported that Neil Technical Services installed the control building LED lights on March 10, 2020.

d. COH / County Projects

1. **City of Houston ("COH") Southeast Transmission Line (surface water line):** Mr. Gaez reported that he has not received any updates.

2. **Blackhawk Treatment Plant.** Mr. Gaez reported that he received an updated capital improvement plan, but has not reviewed it yet. Brief discussion ensued.

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

10. Discuss possible bond issue and take any necessary action. Mr. Gaez presented to and reviewed with the Board a cost analysis for a bond issuance, a copy of which is attached hereto to the Engineer's Report. Mr. Gaez discussed the projects presented in the cost analysis based on the priority level and the bond issuance options. Discussion ensued regarding the included projects.

Ms. Smith reported that if the Board approves a \$37,000,000 issuance, the District's debt service tax rate will not have to be increased. She also stated that she will work with BGE to draft the financial analysis for the bond issuance.

11. Approve Notice of Intent to Reimburse Itself. Mr. Wilson presented to and reviewed with the Board the Notice of Intent to Reimburse Itself, a copy of which is attached hereto as *Exhibit H*.

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 Notice of Intent to Reimburse Itself.

12. Park and Recreational Facility Report. Mr. Dillard presented to and reviewed the Park and Facility Report, a copy of which is attached hereto as *Exhibit I*. He reported that the Heritage Park amenity pond is in good condition, but that there are some bare spots due to ant hills and natural plant attribution.

Mr. Dillard reported that there are no issues to report with the Heritage Park detention pond or the A114-00 channel.

Mr. Dillard reported that he will present a proposal for the ant control and the over-seeding and annual fertilization at the April meeting.

13. Discuss cybersecurity training. Mr. Wilson presented to and reviewed with the Board the cybersecurity training memorandum, a copy of which is attached hereto as *Exhibit J*. He reported that as per the Texas Legislature, the cybersecurity training is required for all Directors annually, with the first deadline of June 14, 2020.

14. Adopt Order Declaring Unopposed Officers Elected to Office. Mr. Wilson presented to and reviewed with the Board the Order Declaring Unopposed Officers Elected to Office ("Order"), a copy of which is attached hereto as *Exhibit K*. He stated that the election will be cancelled and that Directors Klenk and Swinney will be re-elected to the Board. Upon motion by Director Swinney, seconded by Director Longoria, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Order and to approve the Certification of Unopposed Status for the Directors being re-elected to the Board.

15. Approve Certification of Unopposed Status. This item was approved in agenda item no. 14.

16. Sewage Treatment Plant Operations Report. President Squires reported that there are no issues and that they are working on the budget.

17. Discuss Southeast Water Plant Report. President Squires reported that there was no new information to report.

18. Discuss Maintenance of District Facilities. Director Longoria reported that there were no issues to report.

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

* * *

The above and foregoing minutes were passed and approved by the Board of Directors on April 21, 2020.

President, Board of Directors

ATTEST:

Secretary, Board of Directors