

MINUTES OF MEETING OF BOARD OF DIRECTORS
April 21, 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, April 21, 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
Malcolm Swinney, Assistant Secretary

All members of the Board were present via teleconference, except for Director Mendez. Also attending all or parts of the meeting via teleconference 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, Ms. Shaila Sreedharan, and Ms. Vanessa Garcia of Norton Rose Fulbright US LLP ("NRF"), attorneys for the District; Mr. Tom Hoff of the Forest Bend Fire Department; Mr. Tom Dillard and Mr. T.J. Cloud 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. Lauren Smith of Public Finance Group, LLC, financial advisor for the District; Mr. Tim Applewhite of McCall Gibson Swedlund Barfoot PLLC, auditor for the District; Ms. Mary Dubois of Acclaim Energy; Mr. Iggy Grillo and Mr. Alex White of PinPoint Commercial LP; Mr. Scot Davis, Taylor Moffatt, and Reagan Booth of Trammell Crow Residential; Mr. Kevin Polasek of Terra Associates, Inc.; and Mr. Barry Putterman and Mr. Jim Lloyd Winstead PC.

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.

1. 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.

2. Public Comments. Mr. Wilson discussed the visitors are here regarding the capacity commitment requesting that the Board reconsider their motion. President Squires reported that will be discussed in the Engineer's Report.

3. Approve Minutes The Board considered the minutes of the March 17, 2020 meeting, copies of which was previously distributed to 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 minutes of March 17, 2020.

4. Forest Bend Fire Department Report. Mr. Hoff reviewed runs for the month of March. He reported on the service calls within the month. He provided an update on the safety precautions related to COVID-19. Mr. Hoff also confirmed that truck no. 126 is in service.

5. Windsor EMS, Inc. Report. Mr. Henderson presented to and reviewed with the Board the Windsor EMS, Inc. ("Windsor") report for March 2020, a copy of which is attached hereto as *Exhibit B*. He stated that Windsor responded to 58 calls within the month. Mr. Henderson reported that the average response time was five minutes and eight 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.

6. Approve audit for fiscal year ended December 31, 2019. President Squires reported that all of the Directors received and reviewed the draft audit report for fiscal year ended December 31, 2019, a copy of which is attached hereto as *Exhibit C*. 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 audit for fiscal year ended December 31, 2019, pending final review and revisions.

7. Approve preparation and filing of Annual Continuing Disclosure Report by financial advisor. 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 financial advisor to prepare and file the Annual Continuing Disclosure Report with EMMA.

8. Engage Arbitrage Compliance Services for review of Unlimited Tax Refunding Bonds, Series 2016. Upon motion by Director Klenk, seconded by Director Swinney, after full discussion and the question being put to the Board, the Board voted unanimously to engage Arbitrage Compliance Services for review of the Unlimited Tax Refunding Bonds, Series 2016.

9. Acclaim Energy Report and take any necessary action. Ms. Dubois presented to and reviewed with the Board the Acclaim Energy Market Update, a copy of which is attached here to as *Exhibit D*. She stated that the current energy contract ends in October 2023.

Ms. Dubois presented information to the Board regarding an option to join an aggregation pool ("pool"), which will require the Board to extend the contract to April 2029. She stated that with joining the pool, the Board will save approximately 14 percent on their energy costs. Ms. Dubois reported that contract price for electricity will not exceed \$0.03995, but that the CenterPoint charges will not be included in the price. Discussion ensued.

Upon motion by Director Klenk, seconded by Director Swinney, after full discussion and the question being put to the Board, the Board voted unanimously to: (1) join the electricity aggregation pool with Acclaim Energy; (2) extend their contract to April 30, 2029; and (3) to authorize President Squires or Director Longoria, if President Squires is not available, to execute the contract, after review by the attorney.

10. 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 March 2020, a copy of which is attached hereto as *Exhibit E*. Ms. Sullivan reported that as of March 31, 2020, the District has collected 97.3% of taxes for 2019.

Ms. Sullivan reviewed the SPA Report with the Board.

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

11. Bookkeeper's Report and Investment Report. Ms. Pfeffer presented to and reviewed with the Board the Bookkeeper's Report for March 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 F*.

Ms. Pfeffer reported that a wire was made to the City of Houston in the amount of \$1,568,742.02

Discussion ensued regarding the budget for fiscal year ending December 31, 2020 and the remaining City of Houston payments.

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 accept the Bookkeeper's Report and the Investment Report, and to approve execution of the checks presented.

12. Approve Resolution Regarding Delegation of Authority Due to an Emergency. Mr. Wilson presented to and reviewed with the Board the Resolution Regarding Delegation of Authority Due to an Emergency ("Resolution"), a copy of which is attached hereto as *Exhibit G*. He stated that the Resolution provides additional options for check signing during a declared state of emergency. Discussion ensued. The Board did not take action on the Resolution.

13. 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 March 2020, a copy of which is attached hereto as *Exhibit H*.

Mr. Wilson reported that Si excavated and replaced a bad gasket on the surface water line on a meter. He stated that the area was backfilled and cleaned.

Mr. Wilson reported that Si excavated and replaced leaking U branches at 2611 Pilgrims Point and 16011 Capistrano Falls.

Mr. Wilson reported on a stuck meter replacement at 15807 St. Lawrence.

Mr. Wilson reported on a replaced fire hydrant at 15519 Contender Lane.

Mr. Wilson reported on a fire hydrant test and repair at 4930 Pleasant Plains and 15807 Pilgrim Hall.

Mr. Wilson reported on a replaced saddle that had shifted at 2834 Sailors Moon.

Mr. Wilson reported on debris that was hauled away after repairs at 16003 Blue Mesa and 4911 Quiet Canyon.

Mr. Wilson reported that Si jetted the line to clear blockage at 17039 Coachmaker Drive. He stated that they investigated and found a depression at a customer clean out that likely caused the issue. He stated that the door was tagged as the customer was not at home.

Mr. Wilson reported on the March repairs and maintenance at the Signal Hill Lift Station L3.

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

Mr. Wilson reported that the accountability was 78.43 % for the period between December January 2020 and February 2020. Mr. Wilson discussed the low accountability with the Board.

Mr. Wilson reviewed the cut off list with the Board. Discussion ensued regarding the water termination during the COVID-19 epidemic. Mr. Wilson reported that there is has not been a spike in the number of delinquent customers.

Mr. Wilson presented the Consumer Confidence Report and he reported that it is due to customers by July 1, 2020. He stated that he is still waiting for the Texas Commission on Environmental Quality to release the template for the Consumer Confidence Report.

Mr. Wilson presented the Ref Flag Certification letter and stated that there are no identity theft issues. He stated that Si does not recommend any changes to the current plan.

Additional discussion ensued regarding the low accountability. President Squires requested a timeline of the actions that Si has taken to address the accountability issue.

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: (1) approve the Operations Report; (2) approve the Consumer Confidence Report; and (3) continue to suspend late fees, disconnection fees, and water termination for resident.

14. 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 I*, 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 Tracks: Mr. Gaez reported that the bookkeeper received the plan review deposit of \$2,500 from the owner of the 9.13 acre multi family tract. He stated that SI and BGE reviewed the proposed construction plans and submitted the plan review letter to the owner's design engineer on March 24, 2020. Mr. Gaez reported that he has not

received the revised plans. He also reported that the development will require a water line and water meter easements.

b. Capacity Requests. Mr. Gaez reported that the developer is requesting that the Board reconsider their decision to decline the reallocation of the capacity reservation.

Mr. Gaez introduced Mr. Grillo and Mr. Moffatt, who extensively discussed their request with the Board for the 9.13 acre tract and reported on the status of the purchase of the property and development. Mr. Grillo reported that they are actively moving forward with the project and anticipate that they will keep their original November date for closing. Discussion ensued regarding the request.

Mr. Wilson reported that if the Board would like to reconsider their decision, there are no legal issues. He stated that a 60-day close is a Board requirement.

Mr. White reported that the request is for an assignment of the existing capacity letter. He discussed the possible issues with closing in 60 days, due to the COVID-19 pandemic, but that the development is on schedule to begin by November.

Discussion ensued regarding the Board's decision at the March meeting to deny the request.

Mr. Wilson reported that due to the District's Rate Order, the existing letter cannot be assigned. Discussion ensued regarding the contents of the 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 approve the re-allocation of the capacity commitment for the 9.13 acre tract and to approve a conditional consent to the assignment of the commitment letter originally to Friendswood Multifamily, LLC to Maple Multifamily, LLC, or its subsidiary, upon closing of the property.

Mr. Grillo briefly discussed the 6.77 acre tract, stating that there is not a representative from Prosperity Plaza, LP on the call and that he will confirm that they still plan on purchasing the land.

c. BGE Authorized Projects:

1. **Water Plant No. 1 GST Replacement:** Mr. Gaez reported that the project is complete and the contractor has addressed the punch list items that were identified during the inspection. He presented Pay Estimate No. 14 and Final in the amount of \$55,784.50.

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 Pay Estimate No. 14 and Final in the amount of \$55,784.50.

Mr. Gaez reported that BGE requested the proposals to repair and recoat the generator enclosure from three contractors.

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 the next meeting is scheduled for April 30, 3030.

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 approve the Engineer’s Report.

15. Discuss possible bond issue and take any necessary action. Mr. Gaez presented to and reviewed with the Board a revised cost analysis for a bond issuance, a copy of which is attached to the Engineer’s Report. Mr. Gaez reported that the revised proposed bond issuance will be in the amount of \$19,110,000. He stated that all of the included projects will be completed within the next three years and he discussed the individual projects with the Board. Discussion ensued.

Ms. Smith reported on the current bond interest rates, stating that there have been bonds that have sold this week at a three percent interest rate.

Ms. Smith discussed the debt service tax rate with the Board and stated that the District will not have to increase their tax rate for a \$19,110,000 bond sale.

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 authorize BGE to begin preparation of the bond application report.

16. Park and Recreational Facility Report. Mr. Cloud presented to and reviewed the Park and Facility Report. He reported that there are no issues to report and that Champions completed the overseeding at the Heritage Park drainage channel.

17. Sewage Treatment Plant Operations Report. President Squires reported that there are no issues. He reported that a video conference meeting is scheduled for April 30, 2020.

18. Discuss Southeast Water Plant Report. President Squires reported that the water rate for fiscal year ending 2021 was approved at approximately \$0.63. He stated that the rate is approximately the same as the current rate.

19. Discuss Maintenance of District Facilities. Director Longoria reported that there was a complaint regarding the air conditioning unit. He stated that an investigation was conducted, but that no issues were found.

20. Cybersecurity Training reminder. Mr. Wilson reminded the Board the cybersecurity training is due in June 14, 2020.

21. Other Matters. Director Klenk reported that he received two estimates for the District tree trimming. He reported that Bay Area Tree Experts submitted a proposal in the amount of \$29,000 and that Friendswood Firewood and Tree Service submitted a proposal in the amount of \$37,500. Discussion ensued regarding the proposals and the budget allocation for the tree trimming. 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 approve the proposal from Bay Area Tree Experts in the amount of \$29,000 for the District tree trimming.

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 May 19, 2020.

President, Board of Directors

ATTEST:

Secretary, Board of Directors