

MINUTES OF MEETING OF BOARD OF DIRECTORS  
August 18, 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, August 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  
Vacant, Assistant Secretary

All members of the Board were present in person, except for Director Mendez. Also attending all or parts of the meeting in person were Mr. Tom Hoff of the Forest Bend Fire Department; and Mr. Todd Mendenhall of Manor Maintenance, Inc.

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. T.J. Cloud of Champions Hydro-Lawn, Inc. ("Champions"); and Mr. Nelson Gaez of Brown & Gay Engineers, Inc. ("BGE"), engineer for the District; Mr. Alton Henderson from Windsor EMS, Inc.; and Ms. Lauren Smith of Public Finance Group, financial advisor for the District. Mr. Chris Wilson of Si Environmental ("Si"), operator for the District; Todd Manna Landscape

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 July 21, 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 July 21, 2020, as presented.

**3. Forest Bend Fire Department Report.** Mr. Hoff reviewed runs for the month of July. He also reported on the service calls within the month and discussed the July budget activity.

**4. Windsor EMS, Inc. Report.** Mr. Henderson presented to and reviewed with the Board the Windsor EMS, Inc. ("Windsor") report for July 2020, a copy of which is attached hereto as *Exhibit B*. He stated that Windsor responded to 59 calls within the month. Mr. Henderson reported that the average response time was five minutes and thirty-one seconds. Mr. Henderson reported that 100% of the response times were under the contract agreed upon response time of seven minutes and fifty-nine seconds.

**5. 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 July 2020, a copy of which is attached hereto as *Exhibit C*. Ms. Sullivan reported that as of July 31, 2020, the District has collected 98.9% of taxes for 2019.

Ms. Sullivan reviewed the SPA Report with the Board.

Discussion ensued regarding the timeline to receive the 2020 certified value for the District.

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.

Director Mendez entered the meeting during this item.

**6. Adopt Order Designating Officer to Calculate and Publish Tax Rate.** Mr. Wilson reported that the Harris County Appraisal District has not released the certified values. He requested approval to designate Ms. Sullivan as the officer to publish the proposed tax rate in the paper after discussion at the September meeting. 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 designate Ms. Sullivan as the officer to publish the 2020 tax rate.

**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 July 2020, a copy of which is attached hereto as *Exhibit D*.

Mr. Wilson reported that Si replaced a leaking long tap at 2505 Bay Area Boulevard.

Mr. Wilson reported that Si tied in a new line to a fire line, reinstalled a tap, and relocated a meter at 2300 Pilgrims Point.

Mr. Wilson reported that Si replaced bad bolts and a gasket at 3700 Arbor Point.

Mr. Wilson reported that Si replaced the seat and stem on a fire hydrant at 3522 Harbor Pass Lane.

Mr. Wilson reported that 40 meters were changed out as part of the District's meter change out program.

Mr. Wilson reported that concrete was replaced after a valve location at Fife and Friendswood Link.

Mr. Wilson reported on tapline repairs at 1843 Pilgrims Point and at 2505 Bay Area Boulevard.

Mr. Wilson reported on a repaired backflow at the park.

Mr. Wilson reported on sewer line replacements at 15834 Cambridge View and 2906 Early Turn.

Mr. Wilson reported that the line at 2801 Bay Area Boulevard was jetted and the blockage was cleared.

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

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

Mr. Wilson reported that the accountability was 86.42% for the period between May 2020 and June 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.

Mr. Wilson reported on a leak on the Friendswood line, but stated that it is not effecting the accountability. Discussion ensued regarding the fire hydrants attached to that line and the option of terminating the line. Mr. Wilson reported that none of the fire hydrants will be lost if the line is terminated.

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. Adopt Order Designating Officer to Calculate and Publish Tax Rate.** President Squires recognized Ms. Smith, who presented to and reviewed with the Board a tax rate analysis, a copy of which is attached hereto as *Exhibit E*. Ms. Smith confirmed that she has not received the certified value for the District, but based on the estimated value, she recommends that the District maintain the current tax rate of \$0.40. Discussion ensued regarding the Senate Bill No. 2 tax requirements regarding the designation of Districts as developed, and Ms. Smith reported that the District is designated as a developed district. Ms. Smith stated that they can discuss further at the September meeting.

**9. Bookkeeper's Report and Investment Report.** Ms. Pfeffer presented to and reviewed with the Board the Bookkeeper's Report for July 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 the debt service payment was made in July.

Ms. Pfeffer reported that the Certificate of Deposit (“CD”) with Texas Exchange Bank will mature on September 28, 2020.

Discussion ensued regarding the current budget and the related revenues from the Fire Services and the Emergency Medical Services (“EMS”). President Squired reported that the fire service revenue is low, but the EMS revenue is where it should be.

Ms. Pfeffer discussed the City of Houston 2019 true-up with the Board and stated that it is due on August 27, 2020. She stated that the District’s owes \$309,914.20. 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 payment of the true-up to the City of Houston in the amount of \$309,914.20.

Discussion ensued regarding the City of Houston true-ups and President Squires reported that they should have all of the Capital Improvement Plans by the end of the year. He also stated that the City of Houston has calculated \$1,000,000,000 in unforeseen costs and that the co-participants can pay their share of either \$500,000 or \$1,000,000 monthly. The Board discussed their options. Upon motion by Director Mendez, seconded by Director Klenk, after full discussion and the question being put to the Board, the Board voted unanimously to authorize President Squires to respond to the City of Houston stating that the District would like to pay their share of the \$500,000 monthly.

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

**10. 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 G*, 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 there are no updates with the Allora Apartments (9.13 Acre Family Tract).

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 requested the District’s plans and that they are planning on submitting development plans to the District for review at the end of August. Mr. Gaez stated that he also requested that they submit the \$2,500 plan review deposit to Ms. Pfeffer.

3. **ACES AC Warehouse (Ellis Business Park):** Mr. Gaez reported that BGE received notification from Venturi Engineers that a portion of the Ellis Business Park has been sold to a developer who is building an AC warehouse. He stated that Venturi Engineers has been informed that reserved capacity is not transferable with the sale of land that the developer must submit a capacity commitment request for the tract.

**b. Capacity Requests.**

1. **2811 El Dorado Blvd. Automatic Carwash Tunnel:** Mr. Gaez reported that the original capacity reservation for the corner of El Dorado Boulevard and Signal Hill Drive included two phases of development. He stated that since the proposed development and capacity commitment requirement of the parcel is changing to an automatic car wash tunnel, the existing capacity reservation should be split and addressed to each parcel's owner.

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 a capacity commitment letters to each parcel owner.

2. **4401 Rex Road.** Mr. Gaez reported that LJA, Inc. submitted a capacity reservation request to serve the second phase of development consisting of office warehouse buildings. He stated that an additional 15 ESFCs would be added to the system. He stated that the property owner wants to extend a public line through their parcel instead of a private metered lead and has requested that the District consider this option. Mr. Gaez reported that he does not see the benefit in this. He also stated that the owner requested that if the Board will not approve a public line, then they are requesting that the Board waive the tap fees or offer a discount.

Upon motion by Director Klenk, seconded by Director Longoria, the Board voted unanimously to deny the property owners requests regarding building a public line, waiving the tap fees, and offering a discount.

Mr. Gaez also reported that the owner is requesting a capacity commitment letter. Mr. Wilson and Mr. Gaez discussed the request with the Board. Upon motion by Director Longoria, seconded by Director Mendez, after full discussion and the question being put to the Board, the Board voted unanimously to approve the capacity commitment letter.

**c. BGE Authorized Projects:**

1. **2020 Bond Issue Report.** Mr. Gaez reported that the consultants are reviewing the bond application report.

2. **Generator Enclosure Coating.** Mr. Gaez reported that the project is complete.

3. **Texas Commission on Environmental Quality ("TCEQ") Notification to use Surplus Finds from 2005 Bond Series.** Mr. Gaez reported that the District has approved the use of surplus funds from the 2005 bond series to cover the costs associated with the water line leak detection and repairs project on January 21, 2020. He stated that the project totaled \$27,071 and he requested approval to send notice to the TCEQ.

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 authorize BGE to submit the Notification of Surplus Funds to the TCEQ.

**d. COH / County Projects**

1. **City of Houston (“COH”) Southeast Transmission Line (surface water line):** Mr. Gaez reported that the last meeting was on July 31, 2020. Mr. Gaez and President Squires discussed the meeting.

2. **Blackhawk Treatment Plant.** Mr. Gaez reported that the joint committee meeting was held on July 30, 2020 and the co-participants discussed the revisions to the Agreement for Wastewater Treatment Capacity and the fiscal year 2021 budget.

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.

**11. Park and Recreational Facility Report.** President Squires recognized Mr. Mendenhall, who reported on the maintenance of the District pond. He stated that there were no issues to report and discussed the items included in the contract.

Mr. Cloud presented to and reviewed the Park and Facility Report, a copy of which is attached hereto as *Exhibit H*. He stated that sign owned by Harris County Flood Control District was knocked down. The Board stated that it can be removed.

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

**13. Discuss Southeast Water Plant Report.** This item was discussed earlier in the meeting.

**14. Discuss Maintenance of District Facilities.** There were no issues to report.

**15. Discuss District Insurance and take any necessary action.** Mr. Wilson presented to and reviewed with the Board the insurance proposal from Arthur J. Gallagher, a copy of which is attached hereto as *Exhibit K*. He stated that the premium increased by approximately \$1,500. He stated that the increase is due to an increase in property values.

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 insurance proposal from Arthur J. Gallagher.

**16. Indemnification of Directors.** Mr. Wilson stated that to the extent that the directors and officer's insurance policy does not cover losses of directors carrying out the lawful business and duties of the District in good faith, then the District can indemnify the directors for losses. 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 District's indemnification of directors for losses or defense costs arising from the directors carrying out their lawful duty, to the extent that such losses are not otherwise covered by insurance.

**17. 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 **September 15, 2020.**

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President, Board of Directors

ATTEST:

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Secretary, Board of Directors