

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 155

Minutes of Meeting of Board of Directors
December 20, 2021

A meeting of the Board of Directors ("Board") of Harris County Municipal Utility District No. 155 ("District") was held on December 20, 2021 at Workspace Suites, 16517 Longenbaugh Drive, Houston, Texas, in accordance with the duly posted notice of the meeting, with a quorum of Directors present, as follows:

Margaret K. Dawson, President
Jim Denmon, Vice President
Clint Wilhelm, Secretary
Corey Manahan, Director

and the following absent:

Barbara Scott, Director.

Also present were Mr. John Taylor, District operator; Ms. Debbie Arellano, tax assessor-collector for the District; Ms. Diane Bailey, District bookkeeper; Mr. Michael Smith of Michael's Maintenance; Ms. Jennifer Hanna of BKD, L.L.P.; Mr. Pat Burke representing Harris County MUDs No. 172; and Ms. Melissa J. Parks, attorney for the District.

The President called the meeting to order and declared it open for such business as might come before it.

1. The Board considered the following items from the consent agenda:

Minutes of the Board of Directors meeting held November 15, 2021.

Tax assessor-collector's report including invoices and a schedule of delinquent taxes. Tax collections for 2020 are at 99.238%, and 2021 taxes are 8.56% collected. The certified value for 2021 is \$175,590,088.

After discussion by the Board, upon motion by Director Denmon, seconded by Director Manahan, the Board voted unanimously to approve the items on the consent agenda, including checks as reflected on the tax assessor-collector's report.

2. The Board considered the Bookkeeper's report, a copy of which is attached hereto, including invoices, a schedule of investments, and an investment report. The Board carefully reviewed check no. 1032 written on the general fund account payable to Harris County MUD No. 172 in the amount of \$6,230 representing one-fourth of a Champions Hydro-Lawn invoice for desilting a drainage channel. The Board noted it had not formally approved participating financially in this project. The Board had not received certain information requested about the project, and it had not been completed in the manner requested by the Board. After discussion, upon motion by Director Manahan, seconded by Director Denmon, a majority of the Board, with Director Wilhelm voting against, voted not to authorize release of the check. Thereafter, upon motion duly made, seconded and unanimously carried, the Board approved the bookkeeper's report and the remaining checks listed thereon.

3. The Board opened the meeting for public comment. There being no public comment, the Board moved to the next agenda item.

4. Mr. Taylor presented the operations report, copy attached, reflecting 825 total connections and 3 vacancies. Water accountability during the month was 96%, and the sewage treatment plant had operated at 38% of permitted capacity. Mr. Taylor presented two uncollectible accounts in the amount of \$30.70 which he recommended for write off and sending to the collection agency used by the District. Next he submitted a list of 33 delinquent accounts to the Board for termination of utility service. He stated that these customers had been given written notification of the opportunity to appear, either in person or in writing, at the Board meeting to contest, explain or request correction of the charges, services or disconnection. The affected customers were not in attendance, nor had anyone on their behalf contacted the operator's office or the District in response to the notification. After discussion, upon motion duly made, seconded and unanimously carried, the Board authorized the operator to proceed with termination of utility service to said accounts pursuant to provisions of the District's Rate Order, but to delay termination until January 4 due to the holidays.

Mr. Taylor described work at District facilities during the month, including work at the sewage treatment plant control building. Lift station pump No. 1 had been replaced as discussed last month. Ground storage tank No. 2 was still open and the quick-cure epoxy coating

that had been ordered had not yet been received; it may be the case that an alternative material is used instead. Mr. Taylor reported on work to repair a leak in a storm sewer outfall along Longenbaugh. During a County inspection while the work was underway a washout was observed which the County claimed was due to a District line, but the District's engineer and operator determined this was not in fact the case. To complete this repair the District's leaking valve will be plugged and concrete provided by the County will be poured. The Board was sincerely grateful for its consultants' diligence in identifying the source of the problem. Mr. Taylor next addressed work on sanitary sewer manholes and reported that work had begun on manholes needing concrete repairs, to be followed by those needing interior work. The operators will continue to coordinate with Director Wilhelm in this regard. Mr. Taylor addressed water provided by the District to Harris County MUD No. 163 and that district's in-kind repayment to the District. The Board noted that payment of West Harris County Regional Water Authority fees for such water needed to be addressed. The Board requested details on how No. 163 was billed for this and what effect if any this had on the District's invoicing of Harris County MUD No. 156. Mr. Taylor will gather the information for Board review at the next meeting. After further discussion of the operator's report, upon motion by Director Denmon, seconded by Director Manahan, the Board unanimously approved the report as presented.

5. Ms. Hanna approached the Board to review the District's audit for the fiscal year ended August 31, 2021. She noted that her firm was providing an unqualified, clean opinion. She reviewed the draft audit with the Board and was asked questions about the District's capital assets. She stated assets are recorded as they are constructed and thereafter are depreciated. The Board requested more detailed information, as it did not appear that capital improvements constructed during the fiscal year had been recorded. Ms. Hanna stated the auditors will provide the requested information. After further careful review by the Board, the audit was unanimously approved in substantially the form presented, subject to the above discussion, and the auditors were directed to file it with all appropriate entities. Ms. Hanna stated that while performing the audit, the accountants found the District's investments were in compliance with Chapter 2270 of the Texas Government Code. The Board also reviewed and unanimously approved the attached Resolution affirming annual review of the District's existing investment policy.

6. The attorney confirmed that her office would submit the annual continuing disclosure documents for the District's outstanding bonds, as well as the annual eminent domain report required of entities such as the District with condemnation power.

7. The Board considered a Resolution authorizing the use of surplus construction funds for the remaining \$14,820.58 paid out of the general fund account for the cure-in-place project/rehabilitation by Granite Inliner of the joint sanitary sewer line shared with Harris County MUD No. 173. The District's bookkeeper confirmed the District has surplus, unexpended construction funds available to pay for this project, and Ms. Parks stated the proposed Resolution recites the District's compliance with TCEQ rule §293.83 concerning use of surplus funds. The Board also reviewed a Resolution seeking TCEQ approval for use of surplus construction funds for repairs to and improvements of a backslope drainage swale originally constructed using bond proceeds as well as to related sidewalk, fencing, pavement and storm pipe work collectively amounting to approximately \$446,000. After discussion, the Board agreed to file such an application with TCEQ once materials necessary to accompany the application are received from the District's bookkeeper and engineer. Thereafter, upon unanimous vote, the Board adopted the attached Resolution authorizing use of surplus construction funds as well as the attached Resolution for an application to TCEQ for approval to use surplus construction funds.

8. Mr. Gerdes participated in the meeting by telephone and reviewed the engineer's report, copy attached. He reported on the status of the contract with JACH Controls & Automation and confirmed that the contractor has ordered the materials needed and will mobilize on the job site once the materials are available.

Mr. Gerdes discussed rehabilitation of the small plant at the joint sewage treatment plant. As authorized at the previous meeting, the project is being advertised for bid, with an optional pre-bid meeting scheduled for January 5 and bid opening on January 13, 2022. Mr. Gerdes intends to present a bid tabulation for Board review and action at its January meeting. Mr. Burke asked Mr. Gerdes if he anticipated contractors would have problems obtaining materials for this rehabilitation work. The Board discussed this question and agreed it should be addressed and that the contractor should be required to have the materials on hand

before beginning work.

Mr. Gerdes next discussed the emergency fence repair and reported on his interactions with the District's insurance adjuster. The amount that the adjuster had indicated the policy would cover was far below the estimated repair or replacement costs previously obtained by the engineer. The adjuster indicated the policy would cover patching/repair as opposed to replacement. The Board was unsatisfied and requested that the engineer communicate further with the adjuster or with the District's insurance agent to obtain the expected coverage. In the alternative the adjuster should identify a contractor to do the work for the amount the adjuster quoted. After further discussion, the Board approved the engineering report.

9. Michael Smith of Michael's Maintenance Service LLC reported on landscape maintenance and reviewed a written report, copy attached. Maintenance is being undertaken as scheduled, and Mr. Smith confirmed the vegetation on the pile of dirt at the sewage treatment plant fondly referred to as Mount Dawson had been manually cut and cleared and was now able to be regularly mowed and maintained. Mr. Smith reported the operators had worked on the surge protector in the control building which should alleviate problems with the irrigation system controllers. Finally, Mr. Smith requested that the Board enter into a new contract with his company for landscape maintenance, as his old contract had expired. Ms. Parks presented a contract dated December 20, 2021 containing the same provisions as in the expired contract and including an addendum addressing maintenance of a 2-acre tract near Christ Covenant Church. As drafted, the contract would be effective through December 31, 2024. After discussion, upon motion duly made, seconded and unanimously carried, the Board approved the new contract with Michael's Maintenance Service LLC and approved Mr. Smith's monthly report.

10. The Board discussed the update of operating reserves in the joint water and sewer plant accounts. The bookkeeper had prepared invoices for each participant's pro-rata share of the reserve increases, which had recently been provided to the joint sewage treatment plant participants but not yet to No. 156 for the water plant. However, the bookkeeper had recently amended the invoices to be calculated based only on capacity owned/leased by each participant rather than on a combination of capacity owned as well as monthly usage. After

discussion, the Board unanimously directed that the reserve increases be prorated based solely on capacity owned/leased.

11. John Taylor reported on a recent TCEQ inspection of the District's water plant and follow up documentation that must be provided. The District's engineer and attorney would work with the operator to provide the required materials. During the inspection TCEQ had also commented on pooling of water on the roof of the ground storage tank. Finally, Mr. Taylor requested Board consideration at the January meeting of an amendment to the District's operating contract to adjust the operator's fees and charges to the District.

There being no further business to come before the Board, the meeting was adjourned.



Secretary