

0

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 155

Minutes of Meeting of Board of Directors
February 21, 2022

A meeting of the Board of Directors (“Board”) of Harris County Municipal Utility District No. 155 (“District”) was held on February 21, 2022 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
Barbara Scott, Director

and the following absent:

None.

Also present were Ms. Diane Bailey and Ms. Tonya Francis, District bookkeepers; Mr. John Gerdes, District engineer; Ms. Debbie Arellano, tax assessor-collector for the District; Mr. John Taylor, District operator; Mr. Loren Morales, the District’s financial advisor; Mr. Michael Smith of Michael’s Maintenance Service; Mr. Jerry Folmar and Mr. Jeff Penney representing Harris County MUDs No. 172 and No. 156 respectively; Mr. T.J. Cloud of Champions Hydro-Lawn; 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 January 17, 2022.

Tax assessor-collector’s report, including invoices and a schedule of delinquent taxes. Tax collections for 2021 are at 94.346%, and the certified value for 2021 is \$176,066,694.

Bookkeeper's report, a copy of which is attached hereto, including invoices, a schedule of investments and an investment report.

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

2. The Board opened the meeting for public comment. Jeff Penney of No. 156 reported a developer had approached that district about availability of utilities for development of apartments and/or a hotel on a tract of land in No. 156 located south of an existing car wash.

3. The Board considered the attached Order Levying Additional Penalty for Delinquent Taxes. By adoption of this Order, an additional penalty shall be imposed in the amount of 20% of the amount of taxes, penalty and interest due on 2021 tangible personal property accounts that remain delinquent on April 1, 2022 and on 2021 real property accounts that remain delinquent on July 1, 2022. This additional penalty is imposed pursuant to the Texas Tax Code to defray costs of collection. After discussion, upon motion by Director Wilhelm, seconded by Director Scott, the Board voted unanimously to adopt the attached Order.

4. The Board discussed adoption of a homestead exemption for persons 65 years of age or older or disabled and reviewed information on the subject prepared by Loren Morales, who discussed the materials with the Board. Thereafter, the Board agreed to take no action toward adoption of such an exemption.

5. The Board authorized the attorneys to prepare and submit to the Texas Comptroller the annual report required pursuant to Senate Bill 625 adopted by the 85th Texas Legislature (Local Government Code Chapter 203, Subchapter D).

6. The Board reviewed billing for water the District provided to Harris County MUD No. 163 under the District's emergency water supply contract with No. 163. Coincidentally, the District had recently received an invoice from No. 163 for water No. 163 provided the District from October 26 through November 1, 2021. The Board discussed this

invoice and its reflection of West Harris County Regional Water Authority fees at a rate of \$4.235/1,000 gallons. The Board noted the WHCRWA fee in 2021 was \$3.85 per 1,000 gallons, and it will not agree to pay a higher rate. The Board further disputed the amount of water shown on the No. 163 invoice has having been provided to the District. This dispute was based on the actual meter reading which the District's operator provided for Board review. The District had provided water to No. 163 for three months in 2020 and three months in 2021 for which the District has not yet sent an invoice. The Board discussed handling the invoicing and noted that relatively soon it would be taking water from No. 163 for an approximately two-week period in connection with upcoming work at the District's water plant. In light of this, the Board agreed correspondence should be sent to No. 163 notifying it of the District's plans to use water during its upcoming projects; its intent to invoice No. 163, including for WHCRWA fees, at the conclusion of its project; and of the District's dispute of the number of gallons and the amount of the WHCRWA fee invoiced by No. 163.

7. The Board considered any amendments necessary to the District's emergency water interconnect agreements with Harris County MUDs No. 163, 172, and 173 to address billing of West Harris County Regional Water Authority fees. Ms. Parks noted that the second amendment of the interconnect agreement with No. 163 specifically addresses Authority fees to be charged for water provided through the interconnect. The agreements with No. 172 and 173 do not reference the Authority by name but do have provisions specifically addressing billing to the other party, as an expense of providing service, any regulatory authority fee paid by the providing party "because of, or as a condition to," providing emergency water service to the receiving party. Given this, Ms. Parks advised no amendment of either agreement is necessary to pass through Authority fees to a receiving party. After discussion, the Board agreed no action was necessary.

8. Mr. Taylor presented the operations report, copy attached, reflecting 825 total connections and 3 vacancies. Water accountability during the month was 93%, and the sewage treatment plant had operated at 36% of permitted capacity. On the operator's recommendation, three accounts in the amount of approximately \$487.00 were deemed uncollectable and referred to a collection agency used by the District. Mr. Taylor then submitted a list of 24 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.

Mr. Taylor reviewed an annual fire hydrant flushing and maintenance report and indicated he had planned to bring quotes today for blasting and painting the hydrants. He had not been able to obtain proposals and mentioned contractors were experiencing supply chain difficulties related to obtaining paint. He also noted that equipment had recently been stolen from one of the proposed contractors. The Board agreed the matter was not urgent and it would review proposals for the work once obtained by the operator. Mr. Taylor then addressed work on sanitary sewer manholes and presented an updated report showing the status of repairs. The operator then reported on replacement of the pump controller at the sewage treatment plant as well as renewal of cell phone service for the auto-dialer. He reported notification had been received K3BMI of an increase to \$0.055 for pressing and hauling off waste at the belt press. The Board initially considered requesting proposals for this work but after further discussion agreed it was not necessary. Finally, Mr. Taylor reported on a TCEQ inspection at the water plant and the required responses thereto, noting the operator's compliance department will prepare a response on behalf of the District. After further discussion, upon motion duly made, seconded and unanimously carried, the Board approved the operator's report as presented.

9. The Board considered approving an amendment of the operator's fee schedule. Mr. Taylor had discussed this with the Board last month and the Board had agreed the request was reasonable. Thereafter, upon motion duly made, seconded and unanimously carried, the Board approved the amended fee schedule.

10. The Board considered the attached Resolution Affirming Identity Theft Prevention Program. Mr. Taylor presented a letter from Municipal Operations & Consulting certifying that the District's identity theft/red flag policy has been effective in that there have

been no significant red flag events since the last report. Further, the operator recommended no changes to the program. To that end, upon motion duly made, seconded and unanimously carried, the Board adopted the attached Resolution concerning the program.

11. Mr. Gerdes presented an engineer's report, copy attached. He discussed the contract with JACH Controls & Automation and confirmed that the contractor still awaited some materials and would begin work as soon as it received them. Mr. Gerdes then discussed rehabilitation of the small sewage treatment plant and noted that additional bids have been obtained for this work. The low bidder was CFG Industries, LLC in the amount of \$486,200. Mr. Gerdes recommended that the Board award the contract to the low bidder and that notice to proceed be given February 22, but he specified that the contract timeline was not set to begin until the contractor has materials in hand and has mobilized on the construction site. The Board reviewed the bid tabulation and discussed the project terms. Thereafter, upon motion by Director Wilhelm, seconded by Director Scott, the Board voted unanimously to award the contract to CFG Industries, LLC in accordance with the engineer's recommendation.

Mr. Gerdes discussed repair of the fence at 7938 Millbrook Lane. He reported that he had obtained a proposal for removal of trees interfering with fence replacement and a separate proposal for repair and replacement of 235 linear feet of fence. This work was set to begin Tuesday, and Mr. Gerdes would keep the Board apprised. Upon completion he would submit to the District's insurance agent all related invoices in an attempt to recover from the insurance carrier. The insurance agent had spoken with the adjuster and clarified that the policy covers repair or replacement, whichever is less, of the damaged area. After further discussion of the engineer's report, upon motion duly made, seconded and unanimously carried, the Board approved the report as presented.

12. Mr. Gerdes stated that Texas Land Engineers, Inc. sought Board approval of an amendment to its hourly rate schedule to increase rates. Mr. Gerdes stated that the current rates had been in place since 2013. The Board reviewed the new rate schedule and agreed it was reasonable. Thereafter, upon motion by Director Wilhelm, seconded by Director Scott, the Board voted unanimously to approve the engineer's 2022 rate schedule.

13. Michael Smith of Michael's Maintenance Service LLC presented a

monthly report, a copy of which is attached hereto. He reviewed the report with the Board and agreed to work with Director Scott regarding placement of the new bench. This spring, he will work with the park/landscape committee on the replacement of trees.

14. The Board recognized T.J. Cloud of Champions Hydro-Lawn who addressed the Board regarding desilt of a regional drainage channel in No. 172 in the fall of 2021. No. 172 had requested the District to participate financially in this project, but the District had issues with the manner by which some of the work was proposed to be undertaken. The Board's concerns were communicated but not addressed; the work proceeded; No. 172 invoiced the District; and the District had declined to pay the invoiced amount. Mr. Cloud was now in attendance to provide information on the subject including the manner in which the work was performed and the reasons for same. There were questions about ownership of this segment of channel, located between Brookside Court and Birkes Elementary, and whether or not it is ever maintained by the Harris County Flood Control District. There were also discussions about the amount of water this segment of the channel was designed to hold. No definitive answers were available at this time. After further, careful consideration, upon motion duly made, seconded, and carried by a majority of the Board, with Director Manahan voting against, the Board agreed to pay the \$6,230 invoiced to the District by No. 172 for this project.

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



Secretary