

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 155

Minutes of Meeting of Board of Directors
September 16, 2024

The Board of Directors (“Board”) of Harris County Municipal Utility District No. 155 (“District”) met on Monday, September 16, 2024, at Workspace Suites at 16610 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. Debbie Arellano, tax assessor-collector; Mr. Jorge Diaz of McLennan & Associates, LP; Mr. John Taylor of Municipal Operations & Consulting; Mr. John Gerdes of Texas Land Engineers, Inc.; Mr. Michael Smith of Michael’s Maintenance; Mr. Ruben White from RBC Capital Markets, LLC; Mr. Pat Burke of Harris County MUD No. 172; Mr. Jeff Penney of Harris County MUD No. 156; 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 properly come before it.

1. The Board considered the following items from the Consent Agenda:

Minutes of the Board meetings held July 22 and August 19, 2024, which the Board unanimously approved as presented.

Tax assessor-collector’s report, copy attached, including invoices and a list of delinquent accounts. Through August 31, the rate of collection of 2023 taxes is 98.784%.

Bookkeeper’s report, a copy of which is attached, as well as invoices, a schedule of investments, an investment report, and budget comparison reports.

After discussion, 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. Mr. Burke and Mr. Penney each commented that they were interested to hear discussions about the condition of the clarifier at the joint sewage treatment plant. No further public comments were offered.

3. John Taylor presented an operations report, copy attached. The report reflected 826 connections, including six vacancies. The sewage treatment plant had operated at 40% of capacity during the month and without excursions. Total water accountability during the month was 99%; when limited to within the District, accountability was also 99%.

Mr. Taylor followed up on discussions last month about clarifier issues at the large plant at the joint sewage treatment plant. The problem had arisen on August 6 but was not immediately noticed. After meeting at the site with the District's engineer and speaking with consultant STP Services, the issues with the gearbox and scum beach were identified, and the parts and equipment needed to address the problem had been ordered and should be installed early next week. There had been a problem with a bearing, and Mr. Taylor will bring materials next month for the Board to observe. Mr. Taylor estimated the repair cost was not expected to exceed \$60,000. The small plant continues to operate at 100% capacity in the meantime. The operators have received odor complaints from residents, but Mr. Taylor noted the plant is operating within permitted limits.

Mr. Taylor then reported about the auger that had broken at the sewage treatment plant during the May derecho. As the Board authorized last month, a used step screen had been purchased and installed. Total cost amounted to approximately \$25,000. The pre-owned rehabilitated step screen was purchased with a one-year warranty.

Mr. Taylor submitted a list of delinquent accounts eligible for termination of utility service for nonpayment. The operators have received no appeals from any customers, and no customers were present at the Board meeting to contest their bills. After discussion, the Board unanimously acknowledged that pursuant to provisions of the District's Rate Order, the operator will proceed with termination of utility service to accounts remaining delinquent as of the cutoff date. There were three closed delinquent accounts (one renter and two owners) in the total approximate amount of \$241.92 recommended for write-off or sending to collections, and upon unanimous vote, the Board approved the appropriate action.

Mr. Taylor then presented and reviewed the lead service line inventory completed by the operators for all service connections in the District. No lead or galvanized lines had been identified. Mr. Taylor reported that Texas Commission on Environmental Quality (TCEQ) had acknowledged receipt of the inventory as submitted by the operators.

Mr. Taylor reported that the operators had provided John Gerdes with additional data from the digital read-out device installed at the District's water plant. Mr. Gerdes will review this information and discuss it with electrical engineers. After further discussion of operating matters, upon motion by Director Wilhelm, seconded by Director Scott, the Board approved the operator's report as presented.

4. Mr. Ruben White of RBC Capital Markets, LLC, the District's financial advisor, introduced himself and then presented and reviewed a cash flow analysis and recommendation with respect to the District's 2024 tax rate. The Board reviewed the analysis and recommendation, as well as the 2024 voter approval tax rate worksheet. The District had not levied a debt service tax in 2023, and the final debt service payment on the District's outstanding bonds was paid May 1, 2024. Mr. White proceeded to review revenues to be generated based upon adoption of proposed maintenance tax rates of \$0.60 or \$0.64 per \$100 assessed valuation. The

Board noted that the tax rate worksheet reflected the highest tax rate that could be set without requiring an election was \$0.66677, including the unused increment rate. The amount of tax revenue to be expected with a \$0.66 tax rate at 97% collections was \$1,476,048. The Board discussed the need to maintain a strong operating reserve in light of maintaining existing facilities and undertaking future capital projects. To that end, the Board requested that its engineer prepare a capital improvements plan for Board review before it sets the tax rate. After additional discussion, the Board considered the attached Resolution Finding District to be Low Tax Rate, Developed, Developing, or Developed District in a Declared Disaster Area, Calling Public Hearing on 2024 Tax Rate, and Authorizing Tax Assessor-Collector to Prepare and Publish Notice of Public Hearing. Thereafter, upon unanimous vote, the Board found that the District is a developed district and adopted the attached Resolution so stating. The Board also authorized publication of a notice of public hearing at which the Board will consider adoption of a total 2024 tax rate of up to \$0.66 per \$100 assessed valuation, consisting fully of a maintenance tax and no debt service tax. The attorney noted that after considering a proposed tax rate, the District must update the internet posting required by Tax Code §26.18 and Government Code §2051.202. Upon unanimous vote, the Board authorized posting the required materials in compliance with these laws.

5. John Gerdes presented an engineer's report, copy attached. He reported that the final notice required for renewal of the District's waste discharge permit was published on August 21, and he expects the permit will be renewed soon afterward. He discussed other items related to the regional sewer treatment plant and noted that he may include a new air header in the forthcoming capital improvements plan.

Mr. Gerdes reported that electrical engineer Greg Baird is reviewing the data mentioned earlier by John Taylor from the digital read-out device at the joint water plant. He next reported that an inspection and report for ground storage tank No. 2 was complete, and he is working on bid documents, a contract, and specifications for recoating the inside and outside of the tank. He requested Board authorization to publicly advertise for bids for this project, with the intention of awarding a contract in October. After discussion, the Board authorized advertisement for bids.

There was no new information to report regarding failure of the storm overflow structure at Crossfield Drive near the back of Miller's Way. Mr. Gerdes continues to update drainage calculations after the re-survey of the area.

Mr. Gerdes next discussed the pedestrian bridge crossing Horsepen Creek. He described a meeting with representatives of Cypress Fairbanks ISD, Aragon Middle School, and Birkes Elementary about District interest in installation of sidewalks in the area of the District's bridge near the schools. Mr. Gerdes noted that before such a project could proceed, the District would need to obtain title to the property where the sidewalk would be constructed. It had been determined that such property is owned by Harris County MUD No. 172. To that end, the Board stated its desire to acquire a 3.9731-acre tract from No. 172, and the Board believed that both tracts could be conveyed in one transaction. The Board discussed this further and agreed unanimously to authorize Ms. Parks to inform No. 172 of the District's desire to obtain title to the additional tract.

Mr. Gerdes discussed the repair of District fences damaged by the derecho storm event in May and Hurricane Beryl in July. As noted last month, JAK Environmental LLC has completed repair of the derecho damage, and Mr. Gerdes reported that JAK is approximately 60%

complete with the Beryl damage. He reported on his communications with Hanover Insurance about the District's claims for both incidents. After further discussion of engineering matters, upon unanimous vote, the Board approved the report as presented.

6. The Board considered an annual review of District water interconnect agreements. It was noted the District is party to four such agreements, with the soonest to expire in October, 2025 being the Emergency Water Supply Agreement with Harris County MUD No. 163. The terms of the other agreements extend to 2032 and beyond. No action is needed at this time on the agreement with No. 163, but the Board noted that communications with that district should commence well before the October, 2025 expiration date.

7. The Board considered its annual review of the District's Rate Order and Fee Schedule, including any items recommended for change by the District's operator. Ms. Parks presented a worksheet on the subject, noting that the only charges for which the District does not net revenue are for voluntary termination and restoration of water service. Last year, the Board agreed not to increase the amount the District charges to its customers for termination/restoration, because the charges are so rarely imposed. After further discussion, the Board again agreed no changes were necessary and took no action to amend the Rate Order or Fee Schedule. Likewise, the Board conducted its annual review of the District's Code of Ethics and unanimously agreed that the Code of Ethics was satisfactory in its current form.

8. Michael Smith presented a written report on landscape maintenance. The report indicated that grounds maintenance is on schedule and the irrigation system is operating normally. Mr. Smith reported that he had been communicating and coordinating with JAK Environmental on its fence repair work. After further discussion, the Board approved Mr. Smith's report.

9. The Board discussed pending business. There were no further comments from participants in the regional waste treatment facilities, but Ms. Parks noted that the next quarterly meeting of plant participants will be held at the plant on October 14 at 9:00 a.m. Her office will send a notice to all participants and confirm attendance. Finally, no Directors specified any particular items for placement on the Board's next meeting agenda.

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

Secretary