

MINUTES OF MEETING OF BOARD OF DIRECTORS
January 15, 2019

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") met in regular session, open to the public, at 2300 Pilgrims Point, Webster, Texas, on Tuesday, January 15, 2019, whereupon the roll was called of the members of the Board, to-wit:

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, except for Directors Mendez and Klenk. Also attending all or parts of the meeting were Mr. Nelson Gaez of Brown & Gay Engineers, Inc. ("BGE"), engineer for the District; 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. Chris Thornhill of The Thornhill Law Firm, delinquent tax attorney for the District; Mr. Tom Dillard of Champions Hydro-Lawn, Inc. ("Champions"); Mr. Tom Hoff of the Forest Bend Fire Department; and Mr. Reginald Wilson, and Ms. Shaila Sreedharan of Norton Rose Fulbright US LLP ("NRF"), attorneys for the District.

The meeting was called to order in accordance with notice posted pursuant to law, copies of the Certificates of Posting of which are attached hereto as *Exhibit "A"*, and the following business was transacted:

1. **Public Comments.** There were no public comments.
2. **Approve Minutes** The Board considered the regular minutes of December 18, 2018, a copy of which was previously distributed to the Board. 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 approve the regular minutes of December 18, 2018, as presented.
3. **Forest Bend Fire Department Report.** Mr. Hoff reviewed runs for the month of December. He noted that there was a total of 64 calls within the month. He also reported on the close of the 2018 budget. Brief discussion ensued on the status of the 105-foot ladder.
4. **Clear Lake Emergency Medical Corps Report ("CLEMC").** President Squires reported that there were no new updates at this time.
5. **Approve Southeast Transmission line contract.** President Squires recognized Mr. Wilson who reviewed with the Board the final contract for the Southeast Transmission line. Mr. Wilson reported that all of the participants approved the contract and he requested Board approval to execute the contract. 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 Southeast Transmission Line contract.

Discussion ensued regarding the associated costs and upcoming bond authorization election. Mr. Wilson and Mr. Gaez provided information regarding the May bond authorization election and Mr. Wilson recommended scheduling a special meeting to adopt the related Election Order. The Board agreed to schedule a special meeting on February 6, 2019 at 6:30 p.m.

6. 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 December 2018, a copy of which is attached hereto as *Exhibit "B."* Ms. Sullivan reported that as of December 31, 2018, the District has collected 29.9% of taxes for 2018.

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 approve the Tax Assessor and Collector's Report, to approve the execution of the checks as presented.

The President recognized Mr. Thornhill, who presented to and reviewed with the Board the Delinquent Tax Attorney's Report, a copy of which is attached hereto as *Exhibit "C."* Mr. Thornhill noted that there are seven 2017 delinquent accounts and five additional delinquent accounts from 2013 to 2016. Mr. Thornhill reviewed the collections process with the Board. Ms. Owen inquired on payment plans for the delinquent accounts. Mr. Thornhill stated that the payment plan option is at the discretion of the Board. Discussion ensued regarding the procedure for offering payment plans and the term lengths. Additional discussion ensued regarding the accounts that are "in suit." 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 authorize Mr. Thornhill to offer payment plans for the delinquent accounts.

7. Adopt Order Authorizing Exemption from Taxation. Ms. Sullivan presented to and reviewed with the Board the Order Adopting Exemption from Taxation for Individuals Who Are Disabled or are 65 Years of Age or Older, a copy of which is attached hereto as *Exhibit "D."* She reviewed the 2018 tax exemptions with the Board and provided information regarding the veteran exemptions. Discussion ensued. 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 grant \$40,000 homestead property tax exemptions for those who are 65 years of age or older or who are disabled.

8. Adopt Resolution Authorizing Additional Penalty on Delinquent Taxes. Ms. Sullivan presented to and reviewed with the Board the Resolution Authorizing Additional Penalty on Delinquent Taxes Under Sections 33.07, 33.11, and 33.08, Tax Code (the "Resolution"), a copy of which is attached hereto as *Exhibit "E."* Ms. Sullivan reported that the revenue collected by levying this penalty is used to pay the delinquent tax attorney for the services provided to the District. 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 adopt the Resolution Authorizing Additional Penalty on Delinquent Taxes.

9. Bookkeeper's Report and Investment Report. Ms. Pfeffer presented to and reviewed with the Board the Bookkeeper's Report for December 31, 2018, the 2018 Energy Usage Report, the Budget for fiscal year ending December 31, 2018, and the Investment Report, copies of which are attached hereto as *Exhibit "F."*

Ms. Pfeffer reported that the Certificate of Deposit ("CD") at Central Bank in the General Operating Fund is scheduled to mature prior to the February meeting. She requested

approval to authorize Director Klenk to renew or reinvest the funds into a new CD based on the highest interest rates. 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 Director Klenk to renew or reinvest the CD based on the highest interest rates.

Discussion ensued regarding the engineering expenses and the current fiscal year budget. Ms. Pfeffer also reported that two additional checks were presented for signature that were not included in the report.

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

10. 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 December 2018, a copy of which is attached hereto as *Exhibit "G."*

Mr. Wilson reported on the repairs at 4803 Pilgrims Harbor, 2300 Pilgrims Point, and at Bay Area and Heritage Bay.

Mr. Wilson reported that 19 fire hydrants were inspected and repaired.

Mr. Wilson reported that Si is currently conducting a new sanitary manhole survey in the District.

Mr. Wilson reported that Si vactor cleaned the manhole at 4731 Quill Back due to grease build up and debris.

Mr. Wilson reported that Si jetted lines to clear blockages at the following locations: 17718 Fife Lane, 2811 W Eldorado Boulevard Building A, 2701 W Bay Area Boulevard #1, 4618 Silver Spruce Lane, 3140 FM 528, 17303 Heritage House Circle, 17311 Heritage Bay, 2702 Pilgrims Point, and 15707 Fincher Drive.

Mr. Wilson reported that Si vactor cleaned out manholes due to heavy grease at the following locations: 2307 Bisotine Street, 2343 Bisotine Street, and 2411 Bisotine Street.

Mr. Wilson reported on 2611 Pilgrims Point, noting that the sanitary sewer line was televised and the issue found was the responsibility of the homeowner.

Mr. Wilson reported on the St. Lawrence Lift Station L1 and the Signal Hill Lift Station L3, noting that repairs were made as noted from an infrared survey and that Si pulled the pumps and removed debris.

Mr. Wilson reported that Si performed preventative maintenance and that the wet wells were vactor cleaned at all of the lift stations.

Mr. Wilson reported on the repairs and maintenance at Fife Lane Water Plant W1 and Planters Way Water Plant W2. Discussion ensued regarding the Fife Lane Water Plant W1

repairs. Additional discussion ensued regarding security cameras at the water plants. The Board concurred to move forward with the discussed security measures.

Mr. Wilson reported that Si cleaned and exercised the remaining valves at a cost of \$1,060.47.

Mr. Wilson reported that he followed up with the insurance company regarding the fire station foundation.

Mr. Wilson reviewed the cut off list with the Board.

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 Operations Report and to approve execution of the cut off list.

11. 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 "H"*, and which follows in substantially the form it was presented:

a. Commercial Reviews

1. **Beamer Villas:** Mr. Gaez reported that the developer is working on updating the signatures for the storm pump station and sanitary sewer lift station. He stated that the sanitary sewer lift station construction plans were approved by Harris County and will be presented to the City of Houston for approval. Mr. Gaez noted that BGE is working to obtain agency approvals for the storm sewer pump station construction plans.

b. Capacity Requests

1. **El Dorado Tracks:** Mr. Gaez reported that the developer is proceeding with the property platting process. He stated that BGE requested a phasing plan/schedule for the developer.

Mr. Wilson then presented the capacity reservation letter for execution by the President, noting that NRF will issue it to the owner on January 16, 2019.

2. **Rex Road Office Warehouse (19 Annexation):** Mr. Gaez reported that the capacity study for the Blue Mesa Lift Station is complete and there is enough capacity to serve the proposed additional connections. Upon motion by Director Swinney, seconded by Director Longoria, the Board voted unanimously to authorize NRF to prepare the capacity reservation letter to serve Rex Road Office warehouse.

c. New Clarifier: Mr. Gaez reported that there are no new updates.

d. BGE Authorized Projects:

1. **Water Plant No. 1 GST Replacement:** Mr. Gaez reported that the tank demolition is ongoing. He presented Pay Estimate No. 1 in the

amount of \$19,982.25. 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 Pay Estimate No. 1 in the amount of \$19,982.25.

e. COH / County Projects

1. **COH Southeast Transmission Line (surface water line):** Mr. Gaez reported that this item was discussed earlier in the meeting.

f. Additional Items

1. **Water Plant No. 1 Annual Tank Inspection:** Mr. Gaez reported that BGE is preparing the inspection reports for the Ground Storage Tank and the hydropneumatic tank. .

12. Park and Recreational Facility Report. Mr. Dillard presented to and reviewed with the Board the Heritage Park Amenity Pond – Power Washing report for December 2018, a copy of which is attach as *Exhibit “I.”* He reported that the power wash is complete.

Mr. Dillard reported on the detention pond channel, stating that the Harris County Flood Control District (“HCFCD”) sign had fallen down. He noted that he reported it to HCFCD and that when he returned to the channel, the sign was upright again.

Mr. Dillard reported that the fence near the waterline and the park is disfigured and that Champions will monitor it.

13. Approve filing of Eminent Domain Report with Comptroller. Mr. Wilson reviewed with the Board the Eminent Domain report filing. He reported that state law requires annual filing with the Texas Comptroller of Public Accounts by entities that have eminent domain authority. Mr. Wilson stated that Norton Rose Fulbright will make this filing on behalf of the District. Upon motion by Director Swinney, seconded by Director Longoria, after full discussion on the question being put to the Board, the Board voted unanimously to authorize the Eminent Domain filing with the Comptroller.

14. Sewage Treatment Plant Operations Report. President Squires that the next meeting will be later in January and there are no updates at this time. Mr. Gaez reported that he contacted them for information regarding the District’s Capital Improvement Plan and that they are planning a major rehabilitation that will cost approximately \$4,000,000.

15. Southeast Water Plant Report. President Squires reported on cash call no. 1. Discussion ensued and the Board and Consultants confirmed that it was previously paid.

16. Discuss Maintenance of District Facilities. Director Squires informed Mr. Hoff that the sprinkler system should be inspected and tested. Mr. Hoff agreed and stated that he will coordinate.

Director Longoria provided updates on the fire station building roof, noting that the repair is 99% complete. He also noted that the District’s building roof will take approximately three days to repair. Discussion ensued regarding the roof repair.

Director Longoria also reported that after the roof repairs are complete, he plans to work on the interior of the building.

17. Discuss Harris County Flood Control District Maintenance. Mr. Wilson reviewed with the Board a letter that was received from HCFCD regarding ceasing mowing and maintenance activity on the channel. Discussion ensued regarding the past contracts with HCFCD regarding maintenance and the option of conducting a title search to confirm ownership of the property.

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 **February 19, 2019.**

President, Board of Directors

ATTEST:

Secretary, Board of Directors