

MINUTES OF MEETING OF BOARD OF DIRECTORS
July 16, 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, July 16, 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. 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. Tom Dillard of Champions Hydro-Lawn, Inc. ("Champions"); Mr. Tom Hoff of the Forest Bend Fire Department; Mr. Reginald Wilson and Ms. Shaila Sreedharan of Norton Rose Fulbright US LLP ("NRF"), attorneys for the District; Scott Stevenson of Simple Recycling; and Ms. Janet Sampson, resident of 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. President Squires introduced Mr. Stevenson, who presented information regarding a textile recycling program. He presented information regarding the program, stating that there is no cost to the District or the residents of the District. Mr. Stevenson reported on the program specifics and the benefits of enrolling in the textile recycling program, stating that the pickup will be the same day as the regular recycling and that the District will be rewarded for participation in the program. Discussion ensued regarding the current participants. The Board requested that Mr. Stevenson forward a copy of the contract for attorney review.

President Squires addressed Ms. Sampson, who discussed her delinquent letter with the Board. She stated that she is charged for the delinquent letter, but never requested that a delinquent letter be sent to her. Mr. Wilson addressed the complaint, noting that the District has to inform residents that their water will be terminated due to delinquent payments. Ms. Sampson stated that she is already aware of this and does not want the letter. Discussion ensued regarding the delinquent letters.

2. Approve Minutes The Board considered the regular minutes of June 18, 2019, copies of which was previously distributed to the Board. Upon motion by Director Klenk, seconded by Director Swinney, after full discussion and the question being put to the Board, the Board voted unanimously to approve the regular minutes of the meeting of June 18, 2019.

3. Forest Bend Fire Department Report. Mr. Hoff reviewed runs for the month of June. He noted that there was a total of three service calls within the month. He provided an update on the budget activity within the month. Mr. Hoff reported that the fire truck was sold at a cost of \$58,000.

4. Clear Lake Emergency Medical Corps Report (“CLEMC”). President Squires reported that the Board discussed request for proposals for emergency medical services at the special meeting. The Board agreed to schedule another special meeting on July 22, 2019 at 7:00 p.m.

Director Swinney also reported that the City of Seabrook has an agenda item regarding their withdrawal from CLEMC, tentatively on October 1, 2019.

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 June 2019, a copy of which is attached hereto as *Exhibit B*. Ms. Sullivan reported that as of June 30, 2019, the District has collected 98.8% of taxes for 2018.

Ms. Sullivan reported that the 2018 delinquent tax accounts have been turned over to the delinquent tax attorney for collections.

Ms. Sullivan presented the new business added to the SPA Report.

Ms. Sullivan requested an agenda item for August regarding the review of the tax assessor and collector contract.

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.

6. Bookkeeper’s Report and Investment Report. Ms. Pfeffer presented to and reviewed with the Board the Bookkeeper’s Report for June 30, 2019, the 2019 Energy Usage Report, the Budget for fiscal year ending December 31, 2019, and the Investment Report, copies of which are attached hereto as *Exhibit C*.

Ms. Pfeffer reported that the City of Houston owes the District \$30.00 from the true-up. Brief discussion ensued regarding the true-up. The Board agreed to receive the \$30.00 as a credit.

Ms. Pfeffer reported that the August debt service payment will be issued on July 17, 2019.

Ms. Pfeffer reported that the Central Bank certificate of deposit will mature July 26, 2019. She stated that she will follow up with Director Klenk regarding the certificate of deposit interest rates.

Mr. Gaez reported on the invoice for the forcemain repair, stating that the District’s share is incorrect. He stated that the District owns 71% of the forcemain and the invoice reflects a payment for 79% ownership. Mr. Gaez reported that he followed up with the Gulf Coast Water Authority and they are looking through their records for recent ownership agreements. Discussion ensued regarding the forcemain ownership and payment options.

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, to approve execution of the checks presented, and to pay the original contract prorated amount to Gulf Coast Authority for 71% of the forcemain repair.

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 June 2019, a copy of which is attached hereto as *Exhibit D*.

Mr. Wilson reported that an old hydrant was removed and a new hydrant was installed at El Dorado and Pilgrim's Point.

Mr. Wilson reported that leaking gate valve was replaced at 2300 Pilgrim's Point.

Mr. Wilson reported that meters were replaced and a tapline was relocated at 2826 Virginia Colony.

Mr. Wilson reported on a meter and tapline repair at 3027 Regata Run.

Mr. Wilson reported that 19 residential meters were replaced as they were not registering.

Mr. Wilson reported on waterline repairs at 3518 Beacons View and 15811 St. Lawrence Street.

Mr. Wilson reported on a sanitary sewer repair at 2810 Virginia Colony.

Mr. Wilson reported on a sanitary sewer customer repair at 2603 Antique Meadows.

Mr. Wilson reported on repairs and maintenance at the Signal Hill Lift Station L3.

Mr. Wilson reported on repairs and maintenance at the Fife Lane Water Plant W1.

Mr. Wilson reported that the accountability was 80.27% for the period between April and May 2019. Discussion ensued regarding the low water accountability in the District.

Mr. Wilson reviewed the cut off list with 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 Operations Report and to approve execution of the cut off list.

8. 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 E*, 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. He stated that the developer would like to revise the reimbursement agreement to update the cost information. Brief discussion ensued.

b. Commercial Reviews

1. **El Dorado Tracks:** Mr. Gaez reported that there are no new updates to report and that the developer is working on the design.

c. Capacity Requests. Mr. Gaez reported that there are no new requests.

d. BGE Authorized Projects:

1. **Water Plant No. 1 GST Replacement:** Mr. Gaez reported that the construction is ongoing and that the contractor anticipates to complete the coating by the middle of July. He presented Pay Estimate No. 7 in the amount of \$46,038.60 for Board approval.

Upon motion by Director Klenk, seconded by Director Swinney, after full discussion and the question being put to the Board, the Board voted unanimously to approve Pay Estimate No. 7 in the amount of \$46,038.60.

e. COH / County Projects

1. **COH Southeast Transmission Line (surface water line):** Mr. Wilson reported on the meeting that was held on June, 25, 2019, stating that funding by the Texas Water Development Board ("TWDB") was discussed. Mr. Wilson discussed the process to receive the TWDB financing and informed the Board that three of the participants are not interested in receiving financing through TWDB. Discussion ensued regarding the pros and cons of TWDB financing.

Mr. Wilson also reported that the Gulf Coast Water Authority will not sign the contract because they want a water meter placed at the beginning of their section of the line and want to re-negotiate the contract. He stated that there is another meeting scheduled to discuss the contract. Discussion ensued.

The Board discussed the first City of Houston cash call in the amount of \$1,469,000, which due date is pending contract sign off by all co-participants.

f. Additional Items

1. **Water Plant No. 1 840,000 Gallon Ground Storage Tank Cathodic Protection System Rectifier.** Mr. Gaez reported that the new rectifier has been installed by Farwest Corrosion Control Company.

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 approve the Engineer's Report.

9. Park and Recreational Facility Report. Mr. Dillard presented a Park and Recreational Facility Report, a copy of which is attached hereto as *Exhibit F*.

Mr. Dillard reported on the cable fence repair at the amenity pond. He stated that additional work was needed as the cable had to be removed and the extra concrete had be drilled out from the fence posts. Mr. Dillard reported that the final cost for the repair was \$892.00.

Mr. Dillard reported on the Harris County Flood Control District ("HCFCD") repairs for the A1 channel. He stated that the design work will be completed by BGE. Mr. Dillard stated that the channel will need to be cleaned out to enhance the conveyance of water, which will cost approximately \$25,000 to \$30,000. Mr. Gaez reported that they can use Harris County interceptors, which will cost approximately \$60,000 per interceptor. Mr. Gaez also discussed the plans that will need to be submitted to HCFCD, stating that the approximate cost of the design plans will be \$20,000. He stated that he will prepare a cost estimate for the project to present to the Board. Discussion ensued regarding the anticipated repairs and the related costs.

Director Klenk inquired on outfall desilt at the pond. Mr. Gaez reported that he will contact the manufacturer to discuss the project.

10. Discuss proposal for nutria control and take any necessary action. Mr. Dillard reported that he is still obtaining cost estimates.

11. Sewage Treatment Plant Operations Report. President Squires reported that the pumps were replaced at the sewage treatment plant and that a tree fell on the fence.

President Squires stated that a replacement pump was installed for non-potable water.

President Squires reported on the sludge contract, stating that there was a 100% increase in the costs. Discussion ensued regarding the accepted materials at the local landfills.

President Squires stated that the budget negotiations will begin in August.

12. Southeast Water Plant Report. Mr. Gaez reported that the members are working on an amendment to the Southeast Water Plant contract.

13. Discuss District Insurance. Mr. Wilson reported that the current District insurance coverage expires in 2019. Discussion ensued regarding insurance proposals for the 2019-2020 period. The Board agreed to request a renewal proposal from Arthur J. Gallaher.

14. Discuss Maintenance of District Facilities. Director Longoria reported that there are no new updates.

15. Approve Harris-Galveston Subsidence District 2019-2020 Water Wise Program Interlocal Agreement. Mr. Wilson presented to and reviewed with the Board the Interlocal Agreement for the 2019-2020 Water Wise Program ("Agreement"), a copy of which is attached hereto as *Exhibit G*.

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 approve the Agreement.

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 **August 20, 2019.**

President, Board of Directors

ATTEST:

Secretary, Board of Directors