

MINUTES OF MEETING OF BOARD OF DIRECTORS  
JANUARY 21, 2020

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 21, 2020, 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 and Mr. TJ Cloud of Champions Hydro-Lawn, Inc. ("Champions"); Sargent Jack Maignaud of the Forest Bend Fire Department; Mr. Reginald Wilson and Ms. Shaila Sreedharan of Norton Rose Fulbright US LLP ("NRF"), attorneys for the District; Mr. Alton Henderson and Mr. Ryan Lynn from Windsor EMS, Inc.

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 minutes of the December 17, 2019 meeting, copies of which was previously distributed to the Board. 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 minutes of December 17, 2019.
3. **Forest Bend Fire Department Report.** Sargent Maignaud reviewed runs for the month of December. He reported on the service calls within the month. He provided an update on equipment upgrades/repairs and budget activity within the month. Sargent Maignaud reported on fire truck no. 126, stating that it should be in the District around February 1, 2020, and should be in service by March 1, 2020. Discussion ensued regarding the budget.
4. **Windsor EMS, Inc. Report.** Mr. Henderson presented to and reviewed with the Board the Windsor EMS, Inc. ("Windsor") report for December, a copy of which is attached hereto as *Exhibit B*. He stated that in December Windsor responded to 58 calls. Mr. Henderson reported that the average response time was five minutes and fifty-seven seconds. Brief discussion ensued regarding response times on the reports.

Director Longoria reported that an insulation company evaluated the location and stated that there is no need to replace the insulation. Director Longoria stated that they can insulate the sleeping quarters, but that there is already something in the ceiling. Discussion ensued.

**5. Approve Law Enforcement Agreement with Harris County.** Mr. Wilson presented to and reviewed with the Board the Interlocal Law Enforcement Agreement with Harris County ("Interlocal Agreement"), a copy of which is attached hereto as *Exhibit C*. He stated that the fees have increased by approximately \$13,500. Discussion ensued regarding the percentage of time the Officers are in the District, as the contract states that the Officers will be in the District 70% of the time. Discussion ensued regarding the contract and the Board discussed requesting an Officer to attend a meeting quarterly in addition to sending the monthly reports. Mr. Wilson stated that an Officer can attend a meeting to provide monthly reports. Upon motion by Director Klenk, seconded by Director Mendez, after full discussion and the question being put to the Board, the Board voted four to one, with Director Swinney voting against, to approve the Interlocal Agreement, contingent upon a monthly report and quarterly attendance by an Officer.

**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 2019, a copy of which is attached hereto as *Exhibit C*. Ms. Sullivan reported that as of December 31, 2019, the District has collected 18.1% of taxes for 2019.

Ms. Sullivan reviewed the SPA Report with the Board.

Upon motion by Director Swinney, seconded by Director Mendez, 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.

**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 2019 tax exemptions with the Board, stating that the Board approved an over 65 and/or disable tax exemption of \$40,000. Upon motion by Director Swinney, seconded by Director Klenk, 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. Approve 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 Mendez, seconded by Director Swinney, 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 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 F*.

Ms. Pfeffer reported that the Certificate of Deposit at Central Bank will mature on January 22, 2020, and will be renewed at an interest rate of 1.60% for six months.

Ms. Pfeffer reported that \$1,000,000 from the Compass Bank Clearing Account will be transferred to TexPool due to the higher interest rate.

Ms. Pfeffer reported that the February debt service payment will be made on January 24, 2020.

Discussion ensued regarding the remaining funds from the Series 2005 Bonds.

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

Mr. Wilson reported on the repair and replacement of a fire hydrant at 3100 Farm to Market 528.

Mr. Wilson reported that Si replaced leaking meter gaskets at 2701 Bay Area Boulevard.

Mr. Wilson reported on a waterline repair at 4823 Shady Oaks, stating that the landscaping has been repaired.

Mr. Wilson reported on a section of new sewer line and the associated repair at 4914 Stone Harbor.

Mr. Wilson reported on manhole repairs at 4531 Backenberry Drive and 2402 Heritage Bend.

Mr. Wilson reported that Si televised the main sanitary sewer lines at 2154 Pilgrims Point and 4719 Five Knolls and found that the repairs will be the responsibility of the homeowners.

Mr. Wilson reported that two of the smaller storm water catch basins were cleaned out at the park at a cost of \$6,413.62.

Mr. Wilson reported that Si is conducting an audit on the commercial billing and that he has not encountered any issues thus far.

Mr. Wilson reported on the December repairs and maintenance at the Signal Hill Lift Station L3, the Blue Mesa Lift Station L2, and the St. Lawrence Lift Station L1.

Mr. Wilson reported on the water plant maintenance in the month of December.

Mr. Wilson reported that the accountability was 80.74% for the period between October and November 2019. Mr. Wilson stated that he contacted the City of Houston to confirm that the meter is reading correctly. He stated if the meter is reading correctly, he recommends that the District conduct a leak detection evaluation. Mr. Wilson stated that the estimated cost through

Accurate Meter is \$15,559.25. Discussion ensued regarding using the Series 2005 Surplus Funds. 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 use of the surplus funds from the Unlimited Tax Bonds, Series 2005, for the leak detection and anticipated repairs of the meter.

Discussion ensued regarding the Waterwise program with the local elementary school. Ms. Pfeffer reported that the school that the District is contracted with is no longer participating in the Waterwise program.

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.

**11. Amend Rate Order.** President Squires presented to and reviewed with the Board the Calculated 2020 EMS and Harris County Sheriff's Office rates and the water and sewer rates for 2020, a copy of which is attached as *Exhibit G*.

The Board discussed the apartment EMS rates for 2020.

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 amend the Rate Order as presented in *Exhibit H*.

**12. 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 I*, and which follows in substantially the form it was presented:

**a. Commercial Reviews**

1. Beamer Villas: Mr. Gaez reported that the developer notified BGE that they have a contract with a home builder for the construction of single-family development and proposed duplexes. He stated that the current construction schedule has the delivery of lots slated for December 2020. Mr. Gaez reported that the developer requested advertisement of the sanitary sewer lift station, storm sewer pump station, and single family utility design, reminding the Board that they authorized advertisement at the May 2019 meeting. Mr. Gaez reported that he has requested updates on the agency approvals.

2. El Dorado Tracks: Mr. Gaez reported that the development is under design and that BGE received a request from the design engineer for existing infrastructure plans.

**b. Capacity Requests.** Mr. Gaez reported that there no new requests.

**c. BGE Authorized Projects:**

1. **Water Plant No. 1 GST Replacement:** Mr. Gaez reported that the construction is ongoing and the contractor is working on the electrical items. He presented Pay Estimate No. 12 In the amount of \$10,815.75. He stated that the project should be complete by the beginning of February.

Discussion ensued regarding the lighting and Mr. Gaez reported that he will follow up with the contractor to inquire if they can add the lights as a Change Order.

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 Pay Estimate No. 12.

**d. COH / County Projects**

1. **City of Houston (“COH”) Southeast Transmission Line (surface water line):** Mr. Gaez reported that the City of Houston Council approved the project on January 8, 2020 and that BGE has requested the proposed cash call schedule from the COH. He stated that the co-participants will discuss the cash call and the amendments to the agreement at the January 31, 2020 meeting.

e. **Blackhawk Treatment Plant.** Mr. Gaez reported that the Gulf Coast Water Authority is addressing the co-participant comments on the facility agreement and that a revised draft will be distributed once all comments are addressed.

Mr. Gaez reported that NRF and BGE attended a meeting on January 2, 2020 with representatives from Gulf Coast Authority and the COH to discuss the proration of the 142-2 lift station. He stated that the COH has requested a formal letter from the District asking them to search their records for backup information on the 79% proration currently being applied to capital costs and other costs besides facility operations.

Mr. Wilson further discussed the meeting, stating that the COH does not have any documentation to support their claim. Discussion ensued. Mr. Gaez reported that he will draft the letter to the COH by the end of the week.

Mr. Gaez then discussed the payment for the COH cash call in the amount of approximately \$1,800,000. Discussion ensued regarding the District's options for payment.

Upon motion by Director Mendez, sheconded by Director Klenk, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Engineer's Report.

**13. Park and Recreational Facility Report.** Mr. Dillard presented to and reviewed the Park and Facility Report, a copy of which is attached hereto as *Exhibit J*. He stated that the

Heritage Park Channel is good condition, but that there are large ant beds. Mr. Dillard stated that this issue will be addressed in the spring. He stated that there are no other issues to report.

President Squires reported that Harris County Flood Control District ("HCFCD") plans to plant thousands of the trees within the next year and would like the District to work with them. Brief discussion ensued. The Board concurred not to work with HCFCD.

**14. Sewage Treatment Plant Operations Report.** President Squires reported that there was a meeting held last week and that they discussed amending the capacity agreement. He also stated that they were introduced to the new engineers for the plant.

**15. Discuss Southeast Water Plant Report.** This item was discussed earlier in the meeting.

**16. Discuss Maintenance of District Facilities.** Director Longoria reported on Station No. 13 and the new door.

**17. Adopt Order Calling Directors Election.** Mr. Wilson presented to and reviewed with the Board the Order Calling Director Election, a copy of which is attached hereto as *Exhibit K*. He reviewed the important election dates. Upon motion by Director Mendez, seconded by Director Longoria, after full discussion and the question being put to the Board voted unanimously to adopt the Order Calling Directors Election.

**18. Approve publication of notice of exemption from use of voting machine.** Mr. Wilson presented to and reviewed with the Board the Resolution Authorizing Publication of Notice of Intent Not to Use an Electronic Voting System for the 2020 Directors Election, a copy of which is attached hereto as *Exhibit K*. He stated that in the event that the District has an election, it will be more cost-effective for the District to use paper ballots. Mr. Wilson reported that an article regarding this exemption will be published in the Houston Chronicle in all required languages. 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 Resolution Authorizing Publication of Notice of Intent Not to Use an Electronic Voting System for the 2020 Directors Election and to authorize publication regarding same.

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 18, 2020.**

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President, Board of Directors

ATTEST:

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Secretary, Board of Directors