

MINUTES OF MEETING OF BOARD OF DIRECTORS  
April 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, March 19, 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. 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; and Ms. Jennifer Day of McCall Gibson Swedlund Barfoot, PLLC, auditor 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 March 19, 2019, copies of which was previously distributed to 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 regular minutes of March 19, 2019.
- 3. Approve audit for fiscal year ended December 31, 2018.** Ms. Day presented to and reviewed the draft audit for fiscal year ended December 31, 2018, a copy of which is attached hereto as *Exhibit B*. She noted that a clean opinion was issued. Ms. Day provided an overview of the fund balances for the fiscal year and also highlighted the revenues and expenses for the fiscal year. 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 audit for fiscal year ended December 31, 2018, pending review by the District consultants.
- 4. Forest Bend Fire Department Report.** Mr. Hoff reviewed runs for the month of January. He noted that there was a total of approximately 54 calls within the month. He provided an update on the budget activity within the month.

**5. Clear Lake Emergency Medical Corps Report (“CLEMC”).** President Squires reported on the March meeting, stating that the revision of the bylaws was brought to the CLEMC Board, but resulted in a tie vote. He stated that he previously discussed this issue with Mr. Wilson, who recommended no change.

President Squires reported that CLEMC is working on their budget for the next fiscal year.

**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 March 2018, a copy of which is attached hereto as *Exhibit C*. Ms. Sullivan reported that as of March 31, 2019, the District has collected 96.3% of taxes for 2018.

Brief discussion ensued regarding the businesses included in the SPA Report.

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

**7. Bookkeeper’s Report and Investment Report.** Ms. Pfeffer presented to and reviewed with the Board the Bookkeeper’s Report for March 31, 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 D*.

Ms. Pfeffer discussed the City of Houston true up payment with the Board, stating that she recommends the installment payment option in the approximate amount of \$118,000 per installment. Mr. Wilson reported that the City of Houston is not offering any incentive to pay if full. Brief 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 approve the first installment payment to the City of Houston.

Upon motion by Director Klenk, 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.

**8. 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 March 2019, a copy of which is attached hereto as *Exhibit E*.

Mr. Wilson reported on a tap line leak and repair at 16742 Colony Bend.

Mr. Wilson reported on a leak and repair at 2714 Ledgebrook Lane.

Mr. Wilson reported on sanitary sewer repairs and maintenance at 16806 Bending Creek Lane and 2710 Ledgebrook Lane.

Mr. Wilson reported that Si televised the sanitary sewer line at 15515 Contender Lane and found a sag on the resident’s houseline. He stated that it is not a District issue.

Mr. Wilson reported that the sanitary manhole survey, stating that it is complete and there are no major issues. He stated that repairs will cost approximately \$150,000.

Mr. Wilson reported on the repairs for the month at the St. Lawrence Lift Station L1.

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

Mr. Wilson reported that the accountability was 87.45% for the period between January and February 2019.

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

Mr. Wilson and Mr. Gaez presented to and reviewed with the Board pictures of the 142-2 forecmain failure, a copy of which is attached hereto as *Exhibit F*. Mr. Gaez reported on the break and stated that it will be a large repair. Discussion ensued regarding the location of the forecmain break and the details of the repair. Mr. Gaez reported that the estimated total cost for the repair is \$500,000 and the District's share will be approximately \$360,000.

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

**9. 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 G*, and which follows in substantially the form it was presented:

**a. Commercial Reviews**

1. **Beamer Villas:** Mr. Gaez reported that the public agencies have approved the construction plans for the storm sewer pump station and sanitary sewer lift station.

**b. Capacity Requests**

1. **Rex Road Office Warehouse (19 Annexation):** Mr. Gaez reported that the City of Houston has approved the construction plans for the sanitary sewer crossing under Rex Road. He stated that revised plans were submitted to BGE on April 8, 2019 and are currently being reviewed.

2. **El Dorado Tracks:** Mr. Gaez reported that the developer is proceeding with the property platting process.

**d. BGE Authorized Projects:**

1. **Water Plant No. 1 GST Replacement:** Mr. Gaez reported that the contractor is working on erecting the new tank. He presented Pay Estimate No. 4 in the amount of \$27,360 and an invoice in the amount of \$238 from Tolunay-Wong Engineers, Inc. for material testing.

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. 4 in the amount of \$27,360 and the invoice from Tolunay-Wong Engineers, Inc. in the amount of \$238.

e. **COH / County Projects**

1. **COH Southeast Transmission Line (surface water line):** Mr. Gaez reported that there are no new updates. Mr. Wilson reported that Gulf Coast Water Authority has not signed the Agreement. Discussion ensued.

f. **Additional Items**

1. **Water Plant No. 1 Annual Tank Inspection:** Mr. Gaez reported that Farwest Corrosion Control Company has submitted a proposal in the amount of \$5,715 to replace the cathodic protection system's rectifier unit of the ground storage tank. He stated that there will be a lead time of eight to ten weeks.

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 proposal from Farwest Corrosion Control Company in the amount of \$5,715.

2. **Warranty Inspection of Ellis Business Park Utilities:** Mr. Gaez reported that Adico, Inc. will coordinate the one year warranty inspection with BGE and Si at the end of the month.

3. **20-acre Church Tract Inquiry:** Mr. Gaez reported that he received a call from Prosperity Bank regarding the annexation process of a 20-acre tract located on the east side of Beamer Road. He stated that he discussed the annexation process with Prosperity Bank and referred them to the City of Houston. He stated that the proposed development will be a 40,000 square foot church. Mr. Gaez briefly discussed the annexation process with the Board.

4. **Harris County Flood Control:** Mr. Gaez reported that he met with Harris County Flood Control District ("HCFCD") on April 12, 2019, to discuss the status of the 13.1 acres of channel between Bay Area Boulevard and FM 528. He stated that HCFCD is requesting that the District repair all deficiencies identified and proceed with the conveyance to HCFCD so that they can continue to maintain the channel. Discussion ensued regarding the request from HCFCD and the District's options.

The Board requested that Champions and BGE inspect the channel a prepare a proposal for the repairs. Mr. Gaez discussed the HCFCD requested repairs with the Board, stating that they identified outfall and slope repairs. President Squires requested that BGE prepare a second proposal on costs for the District to maintain the channel.

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

**10. Review Water Conservation Plan.** Mr. Wilson presented to and reviewed with the Board the Water Conservation Plan, a copy of which is attached hereto as *Exhibit H*. Mr. Wilson reported that districts with over 3,300 connections or outstanding debt are required to review the Water Conservation Plan every five years, update if necessary, and file with the Texas Water Development Board by May 1. Mr. Wilson stated that the Operator reviewed the District's Water Conservation Plan and updated accordingly. 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 Water Conservation Plan, as revised, and to approve filing of the same with the Texas Water Development Board.

**11. Review Drought Contingency Plan.** Mr. Wilson presented to and reviewed with the Board the Drought Contingency Plan, a copy of which is attached hereto as *Exhibit I*. Mr. Wilson stated that the Drought Contingency Plan was reviewed by NRF, Si, and BGE and that there are no recommended revisions. Discussion ensued. Upon motion by Director Klenk, seconded by Director Longoria, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Drought Contingency Plan, as revised, and to approve filing of the same with the Texas Commission on Environmental Quality.

**12. Park and Recreational Facility Report.** Mr. Dillard presented an oral Park and Recreational Facility Report, stating that there are no issues to report at this time.

The Board discussed the nutria issue and the monies previously spent for control and/or removal. The Board also discussed the Champions proposal for nutria control/removal in the amount of \$5,175 for the initial set up and removal. The Board requested that a related item be added to the May agenda.

Mr. Dillard then reported that the issues at the fountain has been repaired.

**13. Sewage Treatment Plant Operations Report.** Director Squires stated that there are no updates to report.

**14. Southeast Water Plant Report.** President Squires reported that there are no updates to report.

**15. Discuss Maintenance of District Facilities and approve sprinkler system maintenance agreement.** President Squires reported that the sprinkler system is due for an inspection. He stated that he received a proposal in the amount of \$2,083.50 for the inspection and associated labor costs.

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 authorize the sprinkler system inspection at a cost of \$2,083.50.

**16. Discuss Harris County Flood Control District Maintenance and take any necessary action.** This was discussed in the Engineer's Report.

**17. Discuss Joint Election Agreement with Harris County.** Mr. Wilson presented to and reviewed with the Board the Joint Election Agreement with Harris County ("Agreement"), a copy of which is attached hereto as *Exhibit J*. Mr. Wilson reported that the estimated total cost for the District will be \$14,761.63 and that a deposit of \$8,856.98 is due within ten days. Brief discussion ensued regarding the final cost of the Joint Election.

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 approve the Agreement and the deposit to Harris County in the amount of \$8,856.98.

**18. Other Matters.** Mr. Wilson briefly discussed the new bills that are being discussed in the current legislative session.

**19. Discuss Maintenance of District Facilities.** The Board discussed the high quote they received for new locks.

Director Klenk also reported that the carpet installation will begin on April 17, 2019.

**20. Other Matters.** Mr. Wilson reported that Liberty Mutual is holding an election on new Board members and Propositions. He stated that that the Board has the option to complete a ballot. The Board agreed not to take any action.


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 May 21, 2019.

  
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President, Board of Directors

ATTEST:

  
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Secretary, Board of Directors

