

MINUTES OF MEETING OF BOARD OF DIRECTORS  
August 15, 2017

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, August 15, 2017, 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 Ms. Anita Lewis, a resident of the District; Mr. Nelson Gaez of Brown & Gay Engineers, Inc. ("BGE"), engineers for the District; Mr. Chris Wilson of Si Environmental ("Si"), operators for the District; Ms. Vickey Sullivan of Equi-Tax, Inc., tax assessor and collector for the District; Ms. Kandy Pfeffer of ETI Accounting Services ("ETI"), bookkeeper for the District; Mr. Dinh Ho, of Adico, LLC; Mr. R.E. Smith of Ellis Business Park; Mr. Tom Hoff of the Forest Bend Fire Department; and Mr. Neil Thomas, Mr. Reginald Wilson and Ms. Erika Smiley 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. **Executive Session pursuant to Section 551.071 of the Open Meetings Act to discuss contemplated litigation and to have a private consultation with the District's attorney on a matter in which the duty of the attorney to the governmental body under the Rules of Professional Conduct require confidentiality.** Upon motion by Director Swenny, seconded by Director Mendez, after full discussion and the question being put to the Board, the Board voted unanimously at 6:00 p.m. to convene in executive session pursuant to Section 551.071 of the Open Meetings Act to discuss contemplated litigation and to have a private consultation with its attorneys on a matter in which the duty of the attorney to the governmental body under the Rules of Professional Conduct requires confidentiality. Persons in attendance were the Directors, Mr. Gaez, Mr. Thomas Mr. Wilson, and Ms. Smiley.

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 reconvene in open session at 6:28 p.m. No public was present to enter the meeting at this time.

2. **Minutes.** The Board considered the regular meeting minutes of July 18, 2017, and special meeting minutes of August 1, 2017, copies of which were previously distributed to 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 regular meeting minutes of July 18, 2017, and special meeting minutes of August 1, 2017.

President Squires recognized Ms. Lewis who informed the Board that water from a nearby recreational vehicle lot drained into her and her neighbors backyards. Discussion ensued. Director Klenk stated that Ms. Lewis should notify Harris County Engineering and Harris County Flood Control. Ms. Lewis also inquired about trailer trucks parking in residential areas throughout the District. Director Squires stated that there are no policies currently in place prohibiting such traffic.

3. **Forest Bend Fire Department Report.** Mr. Hoff informed the Board that the department received 52 medical calls and 73 fire calls this month.

4. **Clear Lake Emergency Medical Corps Report (“CLEMC”).** Director Squires reported that there was a 15% increase in the CLEMC budget. Director Swinney reported that CLEMC is trying to finalize a contract for a rental location.

5. **Tax Assessor and Collector’s Report.** Ms. Sullivan presented to and reviewed with the Board the Tax Assessor and Collector’s Report for July 2017, a copy of which is attached hereto as *Exhibit B*. Ms. Sullivan reported that as of July 31, 2017, the District has collected 98.9% of taxes for 2016.

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

6. **Bookkeeper’s Report and Investment Report.** Ms. Pfeffer presented to and reviewed with the Board the Bookkeeper’s Report for July 31, 2017, the Budget for fiscal year ending March 31, 2018, the 2017 Energy Usage Report, and the Investment Report, copies of which are attached hereto as *Exhibit C*.

Ms. Pfeffer reported that the District made debt service payments.

Ms. Pfeffer reported that two of the District’s CDs will mature in September.

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 accept the Bookkeeper’s Report, the Investment Report, and to approve execution of the checks presented for approval.

**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 July 2017, a copy of which is attached hereto as *Exhibit D*.

Mr. Wilson reported on July repairs and maintenance for the water system, sanitary sewers, lift stations, and the water plant.

Mr. Wilson reported that SI measured and ordered material to run wire to transformer to electrical meter for irrigation system. He also stated that the conduit was excavated and located, the wire was ran and all connections were labeled in preparation for Center Point install.

Mr. Wilson reported on 3814 Shiloh Park, stating that a leaking blow off valve was excavated by hand and replaced. He also noted the area was backfilled and cleaned.

Mr. Wilson reported on 2514 Colonial Ridge, stating that the area was excavated by hand and a leaking blow off valve was replaced.

Mr. Wilson reported on 2723 Pilgrims Point, stating that a section of sewer line failed and was replaced.

Mr. Wilson reported on 2722 Pilgrims Point, stating that concrete was replaced after manhole repairs.

Mr. Wilson reported on 2719 Pilgrims Point, stating that the sewer line was jetted to clear blockage in mainline.

Mr. Wilson reported on 2727 Pilgrims Point, stating that the sewer line was televised and a failed house line was found. He stated that this was a costumer issue and the costumer was notified of necessary repairs.

Mr. Wilson reported on 16206 Leigh Canyon, stating that concrete was replaced after manhole repairs.

Mr. Wilson reported on 17803 Heritage Colony, stating that the sewer line was televised looking for a large mass of roots. He also noted that no issues were found with the mainline.

Mr. Wilson reported on the St. Lawrence Lift Station, stating that the pumped controls were checked and a failed transducer was found. He also noted that the new transducer was ordered and replaced.

Mr. Wilson reported on the Signal Hill Lift Station #3, stating that pump #2 was bypassed while new pumps were installed. He also noted that an over temperature alarm was called in and pump controls were checked. No issues were found and the pump was put back online.

Mr. Wilson reported on the Fife Lane Water Plant #1, stating that the compressor had excessive run time. He found the auto drain valve was leaking. SI ordered and replaced the auto drain valve. Mr. Wilson noted that a new air conditioner in the MCC room was ordered and installed.

Mr. Wilson reported that a resident requested reimbursement for sewer backup. He stated that the warehouse located near the resident may have caused the backup by allowing trash to fill a neighboring manhole. 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 authorize reimbursement to the resident and charge the warehouse property for any fees incurred by reimbursing the resident.

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 terminate the delinquent accounts in accordance to the District's Rate Order.

**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. Twenty-Second Annexation (Ellis Business Park/R.E. Smith Tract): Mr. Gaez reported plans are under review.

2. 3366 FM 528 Retail Development Capacity Request: Mr. Gaez reported that BGE issued a construction plan letter of no objection on August 8, 2017. He also stated that the NRF is recording the water meter and access easements required for the proposed fire protection line.

3. Beamer Villas: Mr. Gaez reported that BGE is waiting on revised plans from the developer. He also noted that construction plans are under agency review and the plat has been approved by the City of Houston. Mr. Gaez reported that the Beamer Villas Lift Station plans have been approved by Harris County.

4. Caliber Collision: Mr. Gaez reported that plans have been reviewed and all previous comments were addressed. He also stated that the developer is awaiting Harris County fire code review for submittal as requested by the Board.

**b. Capacity Requests**

1. **Tracts at El Dorado and Friendswood Link Road:** Mr. Gaez reported that BGE received a request for 255 connections for a proposed mixed use development composed of residential apartments, retail/office space, and restaurant. He also noted that the District, at this time, does not have the capacity to meet this request.

**c. City Of Houston WWTP Capacity:** Mr. Gaez reported that the agreement with the City of Houston is awaiting the decision of the Friendswood City Council prior to presenting the agreement to the COH council. He also stated that the surplus funds application to cover the purchase will be submitted once the purchase agreement is executed by the COH.

**d. New Clarifier:** Mr. Gaez reported that Clarifier work is on-going.

**e. Water Plant No. 1. Control building Consolidation:** Mr. Gaez reported that cost estimates for the relocation of the SCADA panel was presented for discussion. It was the consensus of the Board to discuss the SCADA Consolidation at the District's special meeting to be held on August 28, 2017.

**f. BGE Authorized Projects:** Mr. Gaez reported that there are no new updates.

**g. City of Houston/County Projects**

1. **West Bay Area Blvd. Concrete Replacement:** Mr. Gaez reported that construction is ongoing.

2. **City of Houston-east Transmission Line:** Mr. Gaez reported that there are no new updates.

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 Engineer's Report.

**9. Authorize advertisement of and bid of Lift station No. 2 Rehabilitation project.** Mr. Gaez reported that BGE is currently addressing comments from Harris County and requests authorization for advertisement and bidding of the Lift Station No. 2 (St. Lawrence) Rehabilitation project. 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 authorize for advertisement and bidding of the Lift Station No. 2 (St. Lawrence) Rehabilitation project.

**10. Discuss awarding Ellis Business Park Contract.** Mr. Thomas reported that the contract is still under review by the NRF and the BGE.

**11. Discuss insurance renewal (expires 9/21/2017).** Mr. Wilson presented to and reviewed with the Board an insurance renewal proposal from HARCO Insurance Services, a copy of which is attached hereto as *Exhibit F*. 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 accept the proposal from HARCO Insurance Services and to authorize the Board President to sign such proposal.

**12. Indemnification of Directors.** Mr. Wilson stated that to the extent that the directors and officer's insurance policy does not cover losses of directors carrying out the lawful business and duties of the District in good faith, then the District can indemnify the directors for losses. 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 approve the District's indemnification of directors for losses or defense costs arising from the directors carrying out their lawful duty, to the extent that such losses are not otherwise covered by insurance.

**13. Park and Recreational Facility Report.** There was no report.

**14. Sewage Treatment Plant Operations Report.** President Squires stated that at the upcoming SWWTP meeting the new budget will be proposed.

**15. Southeast Water Plant Report.** President Squires stated that the rates are increasing but the District has not received the true ups.

**16. Discuss Maintenance of District Facilities.** There was no discussion on this item.

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 September 19, 2017.

  
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President, Board of Directors

ATTEST:

  
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Secretary, Board of Directors

