

MINUTES OF MEETING OF BOARD OF DIRECTORS
March 19, 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. 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; Mr. Reginald Wilson, and Ms. Shaila Sreedharan of Norton Rose Fulbright US LLP ("NRF"), attorneys for the District; Mr. Kevin Canales, resident of the District; Amanda Spates, Homeowners Association Manager; and Mr. Nick Steffek of Lake Management Services

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 February 19, 2019, copies of which was previously distributed to the Board. 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 regular minutes of February 19, 2019.
- 3. Forest Bend Fire Department Report.** Mr. Hoff reviewed runs for the month of January. He noted that there was a total of approximately 42 calls within the month. He provided an update on the budget activity within the month.
- 4. Clear Lake Emergency Medical Corps Report ("CLEMC").** President Squires reported that the next meeting is the week of March 18, 2019. He stated that one of the co-participants want to change CLEMC business procedures, and he discussed the current financial issues CLEMC is facing.
- 5. Approve preparation and filing of Annual Continuing Disclosure Report.** Mr. Wilson requested the Board to approve the filing of Continuing Disclosure Materials that will be

prepared and filed by the District's financial advisor, Public Finance Group. 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 preparation and filing Continuing Disclosure materials on behalf of the District.

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 February 2019, a copy of which is attached hereto as *Exhibit B*. Ms. Sullivan reported that as of February 28, 2019, the District has collected 95.5% of taxes for 2018.

Ms. Sullivan discussed the Board discussed a request from a resident requesting a waiver of fees in the amount of approximately \$300. She stated that the resident claimed that he did not receive his bill. The Board concurred not to take any action.

Ms. Sullivan reported that she is waiting for the updates from the City of Houston for the SPA 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 approve the Tax Assessor and Collector's Report, to approve the execution of the checks as presented.

7. Approve delinquent tax attorney contract. Mr. Thornhill presented to and reviewed with the Board the delinquent tax attorney contract, a copy of which is attached hereto as *Exhibit "C."* Mr. Wilson reported that he reviewed the contract and did not have any concerns.

Mr. Thornhill provided an update on the status of the two delinquent accounts.

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 delinquent tax attorney contract.

8. Bookkeeper's Report and Investment Report. Ms. Pfeffer presented to and reviewed with the Board the Bookkeeper's Report for February 28, 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 reported that the District is currently over budget. Discussion ensued.

President Squires reported on the City of Houston true-ups for fiscal years 2012-2017 for the capital improvements. He stated that the first payment will be due May 1, 2019 in the amount of approximately \$119,000. Discussion ensued regarding the payment options and the opinion of the other co-participants. Mr. Wilson reported that the co-participants are discussing a feasible timeline of approximately five years. He stated that the City of Houston is requiring three payments of approximately \$119,000. Mr. Gaez reported that there will be additional cash calls in the future due to the ongoing projects. Ms. Pfeffer reported that the total amount due can be paid at this time, as the funds are currently available. Discussion ensued regarding payment in full and possible discounts. Director Klenk requested the full list of projects from the City of Houston. Mr. Wilson reported that he will follow up with the City of Houston.

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.

9. 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 February 2019, a copy of which is attached hereto as *Exhibit "E."*

Mr. Wilson reported that Si excavated and replaced a leaking blow off valve on Dorado and Beacons view.

Mr. Wilson reported that Si excavated and replaced leaking U branches at 4806 Heritage Plains Drive and 2315 Heritage Bend.

Mr. Wilson reported that Si replaced a stem on a hydrant at 3410 Waterwind Court.

Mr. Wilson reported that Si replaced the concrete, removed the debris and replaced the landscaping at 4747 Quilback Drive after a waterline repair.

Mr. Wilson reported on waterline repairs at 15519 Contender Lane, 2610 Midnight Star, 4310 Ruffian Court, 15903 Blue Mesa Ridge, and 4806 Heritage Plans Drive.

Mr. Wilson reported that Si vactor removed debris from nine locations during the sanitary sewer survey.

Mr. Wilson reported that Si made a confined space entry and removed large rocks that were found during the sanitary survey.

Mr. Wilson reported on the repairs and maintenance at St. Lawrence Lift Station No. 1 and Signal Hill Lift Station No. 3.

Mr. Wilson reported on the repairs and maintenance Fife Lane Water Plant No. 1. He also stated that the preventative maintenance on C12 systems and rotating equipment.

Mr. Wilson reported that the accountability was 84.98% for the period between December 2018 and January 2019.

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

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.

10. 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 "F"*, 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 pump station and the sanitary sewer lift station.

b. Capacity Requests

1. **El Dorado Tracks:** Mr. Gaez reported that the developer is proceeding with the property platting process. Brief discussion ensued regarding the effect to the detention basin.

2. **Rex Road Office Warehouse (19 Annexation):** Mr. Gaez reported that the developer is working with the City of Houston to address the sanitary sewer service lead to address the current issues. Discussion ensued.

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 new foundation has been poured for the ground storage tank. He presented Pay Estimate No. 3 in the amount of \$46,332.00 and requested Board approval. Mr. Gaez also presented an invoice from Tolunay-Wong Engineers, Inc. in the amount of \$920.50 for material testing services.

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 Pay Estimate No. 3 in the amount of \$46,332.00 and the invoice from Tolunay-Wong Engineers, Inc. in the amount of \$920.50.

e. COH / County Projects

1. **COH Southeast Transmission Line (surface water line):** Mr. Gaez reported that there are no new updates.

f. Additional Items

1. **Water Plant No. 1 Annual Tank Inspection:** Mr. Gaez reported that Farwest Corrosion Control Company inspected the cathodic protection system and that they are working on a cost estimate to complete the repairs. Discussion ensued regarding the anticipated repairs and the associate costs.

Upon motion by Director Swinney, second by Director Klenk, after full discussion and the question being put to the Board, the Board voted unanimously to authorize repairs at an amount not to exceed \$5,000 and to authorize President Squires to execute the related proposal.

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.

11. Park and Recreational Facility Report. The President recognized Ms. Spates, who reported that the electrical box at the tennis court was vandalized and that there is damage at the playground to the rock structure. She stated that a police report was filed. Discussion ensued regarding removing the rock structure at the playground and removing the electrical box at the tennis courts.

The President recognized Mr. Steffek, who reported on the nutria and fountain issues. Discussion ensued regarding the chord that controls the water flow at the fountain. Mr. Steffek reported that the nutria are chewing the chord and that he will continue to monitor the fountain. Additional discussion ensued regarding protection options for the chord.

Mr. Dillard then presented to and reviewed with the Board the Park and Recreational Facility Report for March 2019, a copy of which is attached hereto as Exhibit "G." He reviewed the information on the nutria removal, stating that the initial set up and removal will cost \$5,175. Discussion ensued regarding the cost and the cost of the company that the District previously used. It was discovered that the previous nutria removal company is no longer in business.

Mr. Dillard then provided information regarding turtle removal, stating that the initial set up and removal cost is \$2,250.

The Board did not take any action at this time.

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

13. Southeast Water Plant Report. President Squires reported that there is a lot of money being spent on maintenance and it will have to be addressed in the budget. He reported that the information should be ready for the next budget session.

14. Discuss Maintenance of District Facilities and approve sprinkler system maintenance agreement. Director Squires provided an update regarding the sprinkler system agreement. The Board deferred additional discussion to the April meeting.

The Board also discussed the locks and the high cost estimate that was received.

Director Klenk reported that the carpet installation is scheduled for March 20, 2019.

15. Discuss Harris County Flood Control District Maintenance and take any necessary action. Mr. Wilson reported that BGE is working on this issue. He also noted that he located an easement and sent it to Harris County Flood Control District, but was informed that it was not the correct property. Mr. Gaez reported that he is using all available resources to locate the easement.

16. Approve filing of Senate Bill 625 Report with Comptroller. Mr. Wilson reviewed with the Board the Special District report filing. He reported that state law now requires annual filing of financial information with the Texas Comptroller of Public Accounts. Mr. Wilson

stated that NRF will make the filing on behalf of the District. 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 filing of Senate Bill 625 report with the Comptroller.

17. Discuss Joint Election Agreement with Harris County. Mr. Wilson reported that there are no updates at this time.

18. Other Matters. Director Swinney reported that the Director terms on the District website are wrong. Ms. Sreedharan reported that she will contact the website administrator.

Mr. Wilson reported that Liberty Mutual Insurance sent a letter regarding the election of Board members and propositions. The Board did not take any action on the matter.

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 April 16, 2019.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

