

MINUTES OF MEETING OF BOARD OF DIRECTORS
April 15, 2014

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, April 15, 2014 whereupon the roll was called of the members of the Board, to-wit:

Robert L. Squires, President
Sam Longoria, Vice President
Billy L. Pate, Secretary
Richard Klenk, Treasurer
Gabriel Mendez, Assistant Secretary

All members of the Board were present. Also attending all or parts of the meeting were Ms. Melinda Salazar and Ms. Melissa Meyer of Brown & Gay Engineers, Inc. ("BGE"), engineers for the District; Mr. Dusty Lane of Si Environmental ("Si"), operators for the District; Mr. Tom Hoff of the Forest Bend Fire Department; Ms. Vickey Sullivan of Equi-Tax, Inc., tax assessor and collector for the District; Mr. David Ferrier of ETI Accounting Services ("ETI"), bookkeeper for the District; Mr. Brian Toldan of McCall Gibson Swedlund Barfoot PLLC, auditor for the District; Mr. Neil Thomas and Ms. Carrie Spann of Fulbright & Jaworski LLP ("F&J"), 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. **Minutes.** The Board considered the minutes of the regular meeting of March 18, 2014, copies of which were previously distributed to the Board. Upon motion by Director Klenk, seconded by Director Pate, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the regular meeting of March 18, 2014, as presented.

2. **Approve Resolution/Preparation and Filing Continuing Disclosure Materials.** Ms. Spann asked the Board to approve the filing of Continuing Disclosure Materials within 180 days after the final audit is provided by the auditor. Upon motion by Director Longoria, seconded by Director Mendez, 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.

3. **Approve Audit for 2013.** Mr. Toldan presented to and reviewed with the Board the District's audit for the fiscal year ending December 31, 2013 (the "Audit"), a copy of which is attached hereto as Exhibit "B". Mr. Toldan noted that there is approximately a two and a half month reserve in the General Fund and approximately an

twenty month reserve in the Debt Fund. Mr. Toldan presented to and reviewed with the Board a draft letter on behalf of the Board stating that the Board has presented the basic financial statements fairly. A copy of the letter is attached hereto as Exhibit "C". Upon motion by Director Klenk, Seconded by Director Pate, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Audit for fiscal year ending December 31, 2013.

4. **Forest Bend Fire Department Report.** Mr. Hoff presented to and reviewed with the Board the Forest Bend Fire Department report for March 2014. Mr. Hoff reported on the expenses, income, and operations of the Department, a copy of which is attached hereto as Exhibit "D".

5. **Clear Lake Emergency Medical Corps Report ("CLEMC").**
No report.

6. **Dismissal of Southwest Securities as Financial Advisor.** Ms. Allen previously reported that she and Ms. Loup resigned from Southwest Securities, Inc. to form Public Finance Group LLC ("PFG"). Ms. Allen presented to the Board a Financial Advisory contract with PFG, a copy of which is attached hereto as Exhibit "E." It was noted that the previous contract with Southwest Securities requires notice of termination be given 30 days before dismissal. The Board directed F&J to prepare and send such notice to Southwest Securities. Ms. Allen noted that the proposed contract indemnifies the District for any claims by Southwest Securities related to financial advisory fees for the District's Series 2014 Bonds. Upon motion by Director Longoria, seconded by Director Mendez, after full discussion and the question being put to the Board, the Board voted unanimously to dismiss Southwest Securities as Financial Advisor to the District, and to engage Public Finance Group, LLC as Financial Advisor.

7. **Tax Assessor and Collector's Report.** Ms. Sullivan presented to and reviewed with the Board the Tax Assessor and Collector's Report for March 2014, a copy of which is attached hereto as Exhibit "F". Ms. Sullivan reported that as of March, 2014, the District has collected 97.4% of its 2013 taxes.

8. **Bookkeeper's Report and Investment Report.** Mr. Ferrier presented to and reviewed with the Board the Bookkeeper's Report for March 31, 2014, the Budget for fiscal year ending December 31, 2014, the 2014 fiscal year Energy Usage Report, and the Investment Report, copies of which are attached hereto as Exhibit "G". Mr. Ferrier reported that one Certificate of Deposit ("CD") will mature prior to the next Board meeting. Director Klenk said that he will look into available rates. Upon motion by Director Klenk, seconded by Director Pate 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.

9. **Operations Report, Including Review and Approval of Maintenance Items and Delinquent Report.** Mr. Lane presented to and reviewed with the Board the Operations Report and Maintenance Report for the month of March, 2014, a copy of which is attached hereto as Exhibit "H". Mr. Lane reported that SI mailed out 231 delinquent letters. Mr. Lane reported that there was graffiti on the fence at the pump

station that required cleaning. Upon motion by Director Pate, seconded by Director Klenk, after full discussion and the question being put to the Board, the Board voted unanimously to accept the Operator's Report.

10. Update on Trial Period of Grundfos Pump at Lift Station No.

1. Ms. Salazar reported to the Board that the 90-day trial period for the Grundfos Pump ended. Ms. Salazar stated when the Grundfos pump was pulled and inspected, the spacer ring was knocked loose. Ms. Salazar stated that the spacer ring becoming loose did not stop any of its efficiencies. Ms. Salazar reported that Pumps of Houston did install a new Grundfos pump and are providing a new 90-day trial.

11. Engineer's Report. Ms. Salazar 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:

Engineer's Report, including:

a. Commercial Reviews: Ms. Salazar reported that BGE sent the plan review letter for a proposed Bay Area Store located at Bay Area Blvd and Fife Lane, however she has not received a response.

b. Beamer Villas: Ms. Salazar reported that Mr. Sel Thint has contacted BGE and has stated that the LID concept has been abandoned and that they have returned to the original design for Beamer Villas. Mr. Thint sent revised plans to Ms. Salazar and Ms. Meyer have since reviewed them and returned them with comments.

Ms. Salazar reported that Mr. Thint has scheduled a meeting with Harris County to discuss the outfall into the roadside ditch along Beamer Rd. Harris County previously stated that the outfall will not be allowed into the roadside ditch due to the widening of Beamer Road that is scheduled for 2015.

c. Rex Road Tract Agreement: Ms. Salazar reported that they have completed the engineering portion of the annexation application and surveys, and has forwarded these to the attorney.

d. Ongoing Projects: Ms. Salazar reported on the status of projects from the Bond application:

1. **St. Lawrence Lift Station – Force Main Rehabilitation:** Ms. Salazar stated that BGE is coordinating on Cured in Place Pipe (CIPP). Topography is complete and they are working on the design.

2. **Elevated Storage Tank Coating:** Ms. Salazar reported that design has not yet begun.

3. **Replace Water Plant 1: 210,000 gal Ground Storage Tank:** Ms. Salazar reported this will be deferred to a future bond sale.

4. **Rex Road Utility Expansions:** Ms. Salazar reported that BGE is coordinating the expansion.

5. **Water Well 2/Elevated Storage Tank-Gas Generator:** Ms. Salazar reported that BGE will advertise this project on Friday, April 25th. Ms. Salazar stated that BGE will have bids at the next meeting.

6. **Recoating of Water Plant No. 1:** Ms. Salazar reported that the notice to proceed was issued on March 31st. Ms. Salazar stated that the tank has been drained and opened, the contractor will begin modifications and the painters will mobilize next week. The change order for the hatch replacement on the bolted storage tank is \$3,500. Ms. Salazar stated that she will bring that to the next meeting.

e. **Authorization for Change in Purpose of Expenditure Request:** Ms. Salazar requested authorization to prepare a change in purpose of expenditure of bond proceeds to use for the plant upgrades at the Blackhawk Regional Treatment Plant in the amount of \$641,000 in lieu of the replacement of the bolted ground storage tank at Water Plant No. 1. The Board agreed to review this at the next meeting.

Upon motion by Director Longoria, 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.

12. **Park and Recreational Facility Report.** President Squires presented to and reviewed with the Board, the Park and Recreational Facility Report, a copy of which is attached hereto as Exhibit "J", and which follows in substantially the form it was presented:

Park and Recreational Facility Report, including:

a. **Overall Appearance:** Spring greening of meadow has begun. However, mowing and scalping with weed eaters was performed too early and deprived residents of the beautiful spring wildflowers and clovers in other parks.

b. **Landscape Maintenance in Basin:** It will be necessary to make cultural practices of mowing to plant and seasonal cycles to insure protection of the slope and groundcover. This is done by matching the mowing to seasonal cycles of native grass and wildflowers. There should be no mowing when the wildflowers are flowering and when the moisture level allows for tracking and continues slope damage.

c. **Sustainable Growth of Texas:** President Squires stated that the Sustainable Growth of Texas did a site assessment on April 5, 2014. TLA will continue monitoring/photo-documenting the slopes and vegetative cover until there is permanent landscape and irrigation development. Based on the scalping with weed eaters to bare ground, TLA recommends the spring treatment be made in April for \$6,000.

d. **Lake Maintenance:** President Squires reported that there has been no further degradation or fish kills in the lake. There is still approximately \$1,215 in the reserve, to be used if needed (as of August 17, 2012).

e. **Neighborhood and Community Park Annual Monitoring:** President Squires stated that she found a representative of the artificial turf that will visit El Dorado and Fif Parks this month and provide an alternative quote for repair of the play surfacing.

f. **Park Tour:** President Squires stated that TLA is available to schedule a tour of the District's facility with the Directors along with other projects, if so desired.

13. **Sewage Treatment Plant Operations Report.** No report.

14. **Southeast Water Plant Report.** No report.

15. **Discuss maintenance of District Facilities.** Director Klenk reported that Harris County does not repair sidewalks and that is the responsibility of the MUD or HOA to provide repairs. Director Klenk asked Mr. Lane to provide estimates on the cost for Eurotech to inject sidewalks.

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 20, 2014.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

