

MINUTES OF MEETING OF BOARD OF DIRECTORS
January 23, 2018

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 special session, open to the public, at 2300 Pilgrims Point, Webster, Texas, on Tuesday, January 23, 2018, 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 Directors Mendez and Klenk. Also attending all or parts of the meeting were 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; Mr. Tom Dillard of Champions Hydro-Lawn, Inc. (“Champions”); Mr. Tom Hoff of the Forest Bend Fire Department; Mr. Bart Shindler of Shindlers Lawn Care; and 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. Public Comments.** There were no public comments.
- 2. Minutes.** The Board considered the special meeting minutes of December 18, 2017, and the regular minutes of December 19, 2017, copies of which was previously distributed to 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 special meeting minutes of December 18, 2017, and the regular minutes of December 19, 2017.
- 3. Forest Bend Fire Department Report.** Mr. Hoff stated that the department received 668 calls during 2017. He noted that the Department is \$42 under budget and salary increases went into effect January 1, 2018.
- 4. Clear Lake Emergency Medical Corps Report (“CLEMC”).** Director Swinney reported that CLEMC has moved into the new 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

December 2017, a copy of which is attached hereto as *Exhibit B*. Ms. Sullivan reported that as of December 31, 2017, the District has collected 17.7% of taxes for 2017.

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, and to approve the execution of the checks presented for approval.

6. 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 C*. 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 grant \$40,000 homestead property tax exemptions for those who are 65 years of age or older or who are disabled.

7. Adopt Resolution Authorizing Additional Penalty On Delinquent Taxes Under Sections 33.07, 33.11 And 33.08, Tax Code. Adopt Resolution Authorizing Additional Penalty on Delinquent Taxes under Sections 33.07, 33.11 and 33.08 of the Tax Code. 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 D*. Ms. Sullivan reported that collection of delinquent personal property taxes would begin on April 1, 2017 if approved by the Board. She 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 Longoria, 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.

8. Bookkeeper's Report and Investment Report. Ms. Sullivan presented to and reviewed with the Board the Bookkeeper's Report for December 31, 2018, the 2017 Energy Usage Report, the Budget for fiscal year ending December 31, 2019, and the Investment Report, copies of which are attached hereto as *Exhibit E*.

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 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 December 2017, a copy of which is attached hereto as *Exhibit F*.

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

Mr. Wilson reported on 2323 Bay Area and 2701 W Bay Area, stating that the subcontractor replaced meters that were not registering properly.

Mr. Wilson reported that the sanitary sewer line was jetted and blockage was cleared at 17035 Coachmaker Dr. and 3134 FM 528.

Mr. Wilson reported that the sanitary sewer line was televised and a break was found on the District line at 2830 Sailors Moon. Si has started repair on the line.

Mr. Wilson reported on 2734 Virginia Colony, stating that the sag in the sanitary sewer line was jetted.

Mr. Wilson reported that pumps were reset as the breaker tripped at Signal Hill Lift Station. He noted that no issues were found.

Mr. Wilson reported Si preformed PM of the entire disinfection system.

Mr. Wilson reported that a failed battery on the generator at the fire station was replaced. He stated that a circuit board failed and Cummings was contacted for repair.

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 execute the delinquent 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 G*, and which follows in substantially the form it was presented:

a. Commercial Reviews

1. **Beamer Villas:** Mr. Gaez reported that BGE is waiting on revised subdivision plans from the developer. He stated that the plat has been approved by the city of Houston and is waiting on recordation. Mr. Gaez reported that the Beamer Villas Lift Station plans have been approved by Harris County and the City of Houston.

2. **Twenty Second Annexation (Ellis Business Park/R.E. Smith Tract):** Mr. Gaez reported that public utility construction is complete. He stated that the contractor is addressing coating deficiencies found at the force main discharge manhole during final inspection.

3. **4402 Rex Road (Lockridge Packaging):** Mr. Gaez reported that construction plans have been reviewed and comments were issued.

4. **Signal Hill Lift Station Rehabilitation Warranty Inspection:** Mr. Gaez reported that the one-year warranty inspection for the Signal Hill Lift Station Rehabilitation project was held on January 22, 2018. He stated minor coating deficiencies were identified and the punchlist item will be addressed by the contractor.

b. Capacity Requests: No new requests.

c. **City Of Houston WWTP Capacity:** Mr. Gaez reported the purchase agreement package was approved by the City of Houston Council on December 6, 2017. He stated the city is working on obtaining signatures from all participants.

d. **New Clarifier:** Mr. Gaez reported that construction work is ongoing.

e. **BGE Authorized Projects:**

1. **Lift Station No. 1 (St. Lawrence) Rehabilitation:** Mr. Gaez reported that the contractor is scheduled to mobilize by the end of the month.

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

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

g. **Additional Items**

1. **District Capital Improvements Plan Update:** Mr. Gaez reported that the current Capital Improvement Plan was created in 2015. BGE recommend that the District conduct a full plan update to identify upcoming projects. Discussion ensued regarding the most recent Capital Improvement Plan. It was the consensus of the Board not to take any action.

2. **Water Plant No.1 Welded Tank Cathodic Protection Anode Replacement:** Mr. Gaez reported that the Farwest Corrosion Control Company has ordered the anodes and will coordinate access to the tanks with SI.

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 Engineer's Report.

11. Adopt Order Calling Directors Election. Mr. Wilson presented to and reviewed with the Board the Order Calling Directors Election, a copy of which is attached hereto as *Exhibit H*. Mr. Wilson informed the Board that a Directors election is scheduled to occur on May 5, 2018, and that three Directors are up for election. It was the consensus of the Board to have Mr. Hoff locate election officials. 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 Order Calling Directors Election.

12. Park and Recreational Facility Report. Mr. Dillard reported that trash receptacles were removed from the parking lot entrances. He stated that next month's report will include a presentation about turtle removal.

Mr. Dillard reported that the company underbid themselves and that in order to service the storm water vector it will cost more than the submitted proposal of \$8,551.00. He stated that it could cost the District another \$8,000 to \$10,000 to complete the servicing. Discussion ensued. It was the consensus of the Board to hold off on storm water vector servicing and solicit proposals

in six months. Mr. Wilson noted that he will review the contract to determine whether the company can be held to the agreed upon proposal.

13. Sewage Treatment Plant Operations Report. President Squires reported that once the new clarifier is complete and operational; another will be taken down for repair and maintenance.

14. Southeast Water Plant Report. President Squires reported that there was very high usage during the freeze. He noted that the new operations contract costs an estimated \$250,000.00, and the District's share of that amount has not been calculated yet.

President Squires stated that the water plant will be turned over to a new contractor in April 2019.

15. Discuss Maintenance of District Facilities. President Squires reported that he received a call from the District's insurance company and they will have an engineer come out to inspect the roof.

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 20, 2018.

President, Board of Directors

ATTEST:

Secretary, Board of Directors