

MINUTES OF MEETING OF BOARD OF DIRECTORS
October 17, 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, October 17, 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 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. Tom Hoff and Mr. Jack Maignaud of the Forest Bend Fire Department; 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. Public Hearing on 2017 Tax Rate.** The President opened the hearing on the proposed 2017 tax rate. There were no comments on the tax rate from the public. The president closed the hearing.
- 3. Adopt Order Setting Tax Rate and Levying Tax Rate for 2017.** The Board reviewed the Order Setting Tax Rate and Levying Tax for 2017, a copy of which is attached hereto as Exhibit "B." Upon motion by Director Klenk, seconded by Director Mendez, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Order Setting Tax Rate and Levying Tax for 2017, thereby levying a tax at a rate of \$0.40 per \$100 assessed valuation.

4. Minutes. The Board considered the regular meeting minutes of September 19, 2017, and special meeting minutes of October 4, 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 September 19, 2017, and special meeting minutes of October 4, 2017.

5. Forest Bend Fire Department Report. Mr. Hoff presented to and reviewed with the Board the 2018 Forest Bend Fire Department budget. He noted that the department is asking for a 5% increase from 2017. Mr. Maignaud stated that there are increases in radio fees as well as truck maintenance. Mr. Hoff reported that the department's bunker gear needs to be replaced and computer software should be updated. Discussion ensued regarding Forest Bend Fire Department budget.

Upon motion by Director Sweeney, seconded by Director Mendez, after full discussion and the question being put to the Board, the Board voted unanimously to approve the 2018 Forest Bend Fire Department's budget with the 5% increase from 2017.

6. Clear Lake Emergency Medical Corps Report ("CLEMC"). President Squires reported that CLEMC meets this week to discuss increasing revenue. He also noted that CLEMC will submit a bid to manage the system owned by the City of Friendswood.

7. Tax Assessor and Collector's Report. Ms. Sullivan presented to and reviewed with the Board the Tax Assessor and Collector's Report for September 2017, a copy of which is attached hereto as Exhibit "C". Ms. Sullivan reported that as of September 30, 2017, the District has collected 99.0% of taxes for 2016.

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.

8. Bookkeeper's Report and Investment Report. Ms. Pfeffer presented to and reviewed with the Board the Bookkeeper's Report for September 30, 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 "D".

Ms. Pfeffer reported two Certificates of Deposits matured with a current balance of \$125,000 each. Discussion ensued. It was the consensus of the Board to renew the Certificates of Deposit for one year at the highest available rates.

Upon motion by Director Mendez, 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, the Investment Report, and to approve execution of the checks presented for approval.

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 September 2017, a copy of which is attached hereto as Exhibit "E".

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

Mr. Wilson reported that SI replaced 153 meter box lids that were lost due to Hurricane Harvey.

Mr. Wilson reported on 16835 Carrack Turn, stating that the short tapline was replaced and the area was cleaned and backfilled.

Mr. Wilson reported that SI installed a collision kit at 2803 Rolling Fog to repair a hydrant that was hit by a car.

Mr. Wilson reported that a sanitary sewer line at 2734 Virginia Colony was jetted to clear buildup.

Mr. Wilson reported that SI responded to sewer backup at 2310 Heritage Bend and found a blocked mainline. He stated that the line was jetted and the blockage was cleared.

Mr. Wilson reported that SI investigated a possible sewer backup at 300 FM 528 and found it was not a District issue.

Mr. Wilson reported that SI investigated sewer backups at 2102 Starboard View and 16839 Nina Dr. and found District lines were all clear.

Mr. Wilson reported that SI televised a line at 15807 St. Lawrence Cir and found a break in the customers line. He showed the resident the issue and marked the location of the repair for the plumber.

Mr. Wilson reported on the St. Lawrence Lift Station, stating that the Lift Pump No. 3 was pulled and taken to the shop for repairs.

Mr. Wilson reported on the Signal Hill Lift Station, stating that the lift pump was pulled and taken to the vendor for repairs. He stated that repairs were made under the warranty and pump reinstalled.

Mr. Wilson reported on the Fife Lane Water Plant, stating that the ammonia pump failed and was rebuilt.

Mr. Wilson reported that SI conducted a valve survey and found \$102,000 in repairs.

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 with the Rate Order.

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. 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 developer is coordinating water taps and meter installation with District Operator.

2. 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.

3. Caliber Collision: Mr. Gaez reported that plans have been approved by Harris County Fire and a letter of no objection was issued.

4. Twenty Second Annexation (Ellis Business Park/R.E. Smith Tract): Mr. Gaez reported that utility construction has commenced. He stated pay estimate No. 1 from Alcott, Inc. in the amount of \$84,539.79, has been prepared and is presented for approval.

b. Capacity Requests: No new requests.

c. City Of Houston WWTP Capacity: Mr. Gaez reported that the purchase agreement package was approved by the City of Friendswood on September 11, 2017, and it is awaiting on approval from the City of Houston Public Works and Engineering department.

d. New Clarifier: Mr. Gaez reported that Contractor completed installation of RAS pumps and electrical work. He stated that the planned work for this month includes clarifier start up and completion of testing.

e. Water Plant No. 1 Control building Consolidation: Mr. Gaez reported that a site visit was held on October 4, 2017, to discuss the rehabilitation of the SCADA building. As requested by the Board, BGE has prepared a scope of work and we are in the process of requesting proposals from contractors.

f. BGE Authorized Projects:

1. **Lift Station No. 1 (St. Lawrence) Rehabilitation:** Mr. Gaez reported that contracts are presented for execution and a pre-construction meeting will be held at the beginning of November.

g. City of Houston/County Projects

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

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

h. District Insurance Policy: BGE has submitted the request for supplemental information from Arthur Gallagher & Co.

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 Engineer's Report, approve pay estimate No. 1 from Alcott, Inc. in the amount of \$84,539.79 and authorize execution of contracts for the Lift Station No. 1 Rehabilitation.

11. Approval of City of Friendswood Blackhawk capacity purchase. The Board reviewed the City of Friendswood Blackhawk capacity purchase agreement, a copy of which is attached hereto as *Exhibit G*. Upon motion by Director Mendez, seconded by Director Klenk after full discussion and the question being put to the Board, the Board voted unanimously to approve and execute the City of Friendswood Blackhawk capacity purchase agreement.

12. Park and Recreational Facility Report. President Squires reported that the fountains are working fine.

13. Sewage Treatment Plant Operations Report. President Squires reported that the 2018 budget was approved and work on the clarifier should be complete in November.

14. Southeast Water Plant Report. President Squires stated that the plant is operating under the 2018 budget. He noted that the City of Houston will review the contract and there will be a 12% increase in this year's budget. President Squires informed the Board that the true-ups will be provided next month.

15. Discuss Maintenance of District Facilities. Director Longoria stated that the light in the women's restroom was repaired. Discussion ensued regarding the tiles in the conference room. Director Longoria noted that the tiles will need to be replaced if there is another leak.

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 November 21, 2017.

President, Board of Directors

ATTEST:

Secretary, Board of Directors