

MINUTES OF MEETING OF BOARD OF DIRECTORS
September 19, 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, September 19, 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 Dillard of Champions Hydro-Lawn, Inc. (“Champions”); Mr. Tom Hoff of the Forest Bend Fire Department; Ms. Keisha Antoine of Antoine Technical Consulting, 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.** The president recognized Ms. Antoine, who introduced herself and stated that she is a representative for products and instruments used in waste water treatment and rapid testing.
- 2. Minutes.** The Board considered the regular meeting minutes of August 15, 2017, and special meeting minutes of September 12, 2017, copies of which were 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 meeting minutes of August 15, 2017, and special meeting minutes of September 12, 2017.
- 3. Forest Bend Fire Department Report.** Mr. Hoff informed the Board that the department received 114 calls in August, 25 were for rescues from vehicles or structures. He stated that 150 to 200 residential or commercial properties flooded during Hurricane Harvey. Mr. Hoff noted that fire prevention month is approaching.

4. Clear Lake Emergency Medical Corps Report (“CLEMC”). Director Swinney reported that a rental location was finalized and CLEMC will move in December. He also stated that the 92% of response times are under 10 minutes. Director Swinney requested the Board make the first quarterly payment in the amount of 54,831.25. Upon motion by Director Sweeney, seconded by Director Klenk, after full discussion and the question being put to the Board, the Board voted unanimously to pay CLEMC \$54,831.25.

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

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

6. Adopt Order Designating Officer to Calculate and Publish Tax Rate for 2017 Ms. Sullivan reviewed with the Board the 2017 Tax Rate Recommendation, copy of which is attached hereto as *Exhibit C*. Ms. Sullivan recommended that the District set a tax rate of \$0.40 per \$100 assessed valuation to pay principal and interest to service the District's debts. 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 adopt the Order Designating Officer to Calculate and Publish Tax Rate, a copy of which is attached hereto as *Exhibit D*, thereby indicating its intent to set a tax rate of \$0.40 per \$100 assessed valuation (\$0.40 per \$100 assessed valuation to pay principal and interest to service the District's debts and \$0.00 per \$100 assessed valuation to fund maintenance and operating expenditures) and to designate Equi-Tax Inc. as the District's officer to publish the proposed tax rate in the Houston Chronicle.

7. Bookkeeper’s Report and Investment Report. Ms. Pfeffer presented to and reviewed with the Board the Bookkeeper’s Report for August 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 E*.

Ms. Pfeffer reported on check no. 1125 from the Capital Projects account to BGE for the St. Lawrence Lift Station and Manhole repair in the amount of \$14,619.83.

Ms. Pfeffer reported that once she receives the new CD rates she will distribute them to the Board.

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

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

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

Mr. Wilson reported on 2406 Planters Way, stating that a broken drain line caused the appearance of a water line leak. The drain line was excavated and replaced. SI found no other issues in the area.

Mr. Wilson reported on 4702 Ten Sleep, stating that a leaking U branch was excavated and replaced.

Mr. Wilson reported that Si jetted and cleared blockage in the sanitary line at 17318 Heratage Bay, 3355 Signal Hill Dr, and 17706 Fife Lane.

Mr. Wilson reported on 2722 Pilgrims Point, stating that after sanitary line repair the area was landscaped.

Mr. Wilson reported on 3366 FM 528, stating that two large pieces of concrete were removed from a manhole were removed.

Mr. Wilson reported on the St. Lawrence Lift Station, stating that Si found pump no. 2 shorted due to lighting in the area. He noted that the pump was pulled and taken to a shop for repair.

Mr. Wilson reported on Signal Hill Lift Station, stating that new bases were purchased and installed. He also noted that the floor of the lift station would not allow use of old or modified brackets. Mr. Wilson stated that bypass of the lift station was required.

Mr. Wilson reported that preventative maintenance was performed on all District generators.

Mr. Wilson reported that an operator stayed overnight to monitor lift station levels due to rehab at Blackhawk. He stated that the entire system was shut down until work was completed.

Mr. Wilson reported that a subcontractor performed well production testing.

Mr. Wilson reported that preventative maintenance was performed on all rotating equipment.

Mr. Wilson reported that SI will not issue any late fees for August and September, notices will resume in October.

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.

9. 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. 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.

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 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: No new requests.

c. City Of Houston WWTP Capacity: Mr. Gaez reported that the Friendswood City Council considered the agreement at their September council meeting and the next step is for the COH to execute the purchase agreement. 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: Discussion ensued regarding rescheduling the field visit. It was the consensus of the Board to reschedule the field visit for October 4, 2017.

f. BGE Authorized Projects:

1. **Lift Station No. 1 (St. Lawrence) Rehabilitation:** Mr. Gaez reported that three bids were received on September 15, 2017, and Gilleland Smith Construction, Inc., submitted the low bid in the amount of \$157,848.00. He recommends awarding the project to and Gilleland Smith Construction, Inc.

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 award the Lift Station No. 1 (St. Lawrence) Rehabilitation project to Gilleland Smith Construction, Inc., in the amount of \$157,848.00.

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.

h. District Insurance Policy: BGE received a request for supplemental information from Arthur Gallagher & Co. to finalize the District's insurance coverage. BGE and Si are working on submitting the requested information.

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.

10. Nominations to Harris County Appraisal District Board of Directors. The Board reviewed a letter from Harris County Appraisal District regarding nominations to the Board of Directors. Discussion ensued. 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 nominate Glenn Peters to the Harris County Appraisal District Board of Directors.

11. Park and Recreational Facility Report. Mr. Dillard reported on flooding throughout the District.

12. Sewage Treatment Plant Operations Report. President Squires reported on plant operations during Hurricane Harvey. He also noted that the budget approval meeting is upcoming.

13. Southeast Water Plant Report. President Squires stated that a small group meeting will be held to discuss budget matters.

14. Discuss Maintenance of District Facilities. Mr. Hoff reported that there was a leak in the ladies restroom as a result of the Hurricane Harvey.

Mr. Wilson requested that the Board authorize NRF to file a Voluntary Event Notice on the Municipal Securities Rulemaking Board website. This will update bond holders about the condition of the District after Hurricane Harvey. It was the consensus of the Board to authorize NRF to draft and file a Voluntary Event Notice on the Municipal Rulemaking Board website.

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 October 17, 2017.

President, Board of Directors

ATTEST:

Secretary, Board of Directors